

صباحنا من الامل

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Guidelines yes,
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THURSDAY, AUGUST 15, 1996

Japanese bank fined \$1m by US authorities

A US subsidiary of the Long-Term Credit Bank of Japan was fined \$1m by US authorities and ordered to improve its internal management. The New York State Banking Department issued the order against LTCB Friday after the discovery of irregularities in its official reporting of the company's transactions. Page 11

US changes US top postal bonds

Postal bonds group Yelvo said it was replacing the head and chief financial officer of its US trust subsidiary in response to plunging sales in North America. Page 11

North Cyprus killed and two British soldiers

North Cyprus killed and two British soldiers were wounded when Turkish Cypriot soldiers fired on demonstrators in the border town that has divided Cyprus since 1974. Page 8

India blocks test ban talks

India blocked test ban talks in New Delhi, blocking forwarding a global nuclear test ban treaty to the full Committee on Disarmament, celebrating 50 years of negotiations. Page 4

Unhappy trade in Germany

An uneasy stand-off prevailed in Germany after the Russian army and Chechen resistance fighters agreed a temporary ceasefire. There were reports of sporadic gunfire throughout Chechnya as each side accused the other of violating the truce. Page 2

Health forecasts profits rise

German chemical and pharmaceutical company Hoechst is expecting annual operating profits to increase by nearly a third following the start of a recovery from a steep downturn in domestic demand. Page 11; Lex, Page 10

Search order for helicopter

Search order for helicopter: Saudi Arabia placed a \$60m order with the Franco-German helicopter joint venture for 14 Cougar Mark 2 search and rescue helicopters. Page 4

Hungary and Romania clear road

Hungary and Romania cleared the way for the signing of a historic bilateral treaty aimed at normalising their relations, after years of wrangling over minority rights. Page 2

Security executive resigns

Security executive resigns: The resignation of a Japanese executive in Tunisia, Mexico, reawakened public concern over computer security measures. The executives are demanding gain for the release of Mamoru Komuro, president of a Californian subsidiary of Japan's Sanyo Electric. Page 10

US attack on mosquitoes

US attack on mosquitoes: The White House is to sponsor a task force to help ensure that clothing and footwear sold in the US is manufactured under mosquito-free conditions. Page 2

Argentine unions strike

Argentine unions strike: Argentine unions said they might call a general strike for the last of this month in protest at an austerity package announced by economy minister Roque Fernandez. Page 3

China sends Star TV

China sends Star TV: China said it had sent Star TV network that has Hong Kong-based Star TV network was about to secure access to the country's fast growing cable television market. Report was premature. Page 5

Australia's central bank

Australia's central bank: Australia's Reserve Bank, the central monetary authority. The appointment ends months of speculation. Page 5

Turkmenistan stock exchange

Turkmenistan stock exchange: Two Malaysian companies signed agreements to establish a stock exchange in the Russian republic of Turkmenistan. Page 4

Siemens Telecom hit by fraud

Siemens Telecom hit by fraud: Siemens Telecom, the Philippines' largest operator, said it had abandoned hopes of breaking even this year for the first time, in the wake of heavy losses from widespread fraud on its mobile phone network. Page 11

Thai cabinet member quits

Thai cabinet member quits: A cabinet member of Thailand's ruling seven-party coalition pulled out of the government, casting doubts on the future of prime minister Chuan Leekpai. Page 10

Women's mile record broken

Women's mile record broken: Russia's double Olympic champion Svetlana Masterkova broke the women's world mile record in the first race at the distance. She clocked 4:28.85 at the Zurich grand prix meeting, three seconds faster than the previous best. Page 10

Munich Re moves on US market

Leading reinsurance group in \$3.3bn takeover deal

Munich Reinsurances, the world's largest reinsurance company, yesterday announced its biggest-ever takeover with a \$3.3bn offer for American Re. The move is aimed at strengthening its presence in the dominant US market. The company said terms had been agreed with American Re's chief executive, Robert J. ...

offer of \$6 a share, which compares with Tuesday's closing price of \$6.75, also applies to the equity held by institutions and private shareholders. American Re has another 10 per cent of the US reinsurance business, which accounts for nearly half the world market, and is the country's third largest property and casualty reinsurer with gross premiums of some \$4.6bn. Munich Re has

between 5 per cent and 6 per cent of the US market. Mr Hans-Jürgen Schneider, Munich Re's chairman, said the deal was "a great step forward". The transaction will deliver a big profit to KKR and its investors. When KKR bought American Re for \$1.4bn in 1992, the value of its equity investment in the company was \$600m. A KKR representative said yesterday's deal put a

value of \$600m on that stake, including dividends about to be paid. Analysts were surprised at the deal as Munich Re had played down its interest in buying American Re. The German company has edged out employees in (owned by General Electric of the US) and Swiss Re by paying what Mr Tom Bennett, European Institute analyst at Banque Par-

is Capital Markets, called "a full price" - about three times its net worth. Munich Re said it saw attractive growth prospects in the US, where American Re, based in Princeton, New Jersey, has nearly 80 per cent of its business. The rest is spread through north, south and central America, Europe, Asia and the Pacific market. It said American Re had a record of

above-average growth and high profitability. However, American Re made a net loss of \$68m last year after provisions for asbestos and pollution claims, without these, it would have earned a \$20m profit. In 1994, it earned net income of \$97.2m. In the first half of 1996, net income rose 85 per cent to \$47.5m. Munich Re said the deal would raise its total premium income

Juppé denies conflict with Bank of France

By Andrew Jack in Paris

The French government yesterday moved to deny any division between it and the Bank of France in the face of continued pressure on the bank, while stressing its ability to meet tougher budgetary targets.

Credit Lyonnais. There has been signs of renewed hostility towards Mr Juppé, appointed by the previous administration, since President Jacques Chirac gave an interview on French television on July 14.

Mr Alain Juppé, prime minister, interrupted his holiday to hold a press conference at which he dismissed recent allegations in the value of the bank as "a matter of a technical and not a political nature".

Mr Juppé said that the French economy was strong, and stressed his belief, despite speculation from the markets, that the government would be able to maintain its objective of a reduction in public spending by 1997 that would be sufficient to meet the criteria for Euro-zone membership.

Even before the comments were reported yesterday morning, pressure on the bank had eased slightly, and finished the day in London at 1.84, up from 1.78 at the end of trading on Friday.

Mr Juppé said that the French economy was strong, and stressed his belief, despite speculation from the markets, that the government would be able to maintain its objective of a reduction in public spending by 1997 that would be sufficient to meet the criteria for Euro-zone membership.

His comments came the day after Mr Jean-Claude Trichet, bank of France governor, was among those likely to be included in a new legal action targeting senior bank officials linked to the management of

the bank of France was independent and was playing its role to ensure the stability of the bank against other leading European currencies.

He also stressed the determination to take the "immediate" step of freezing public expenditure for 1997 in real terms, which along with tax cuts would ensure "healthy growth" and allow France to reduce its public deficit to 3 per cent of gross domestic product next year.

Mr Juppé said that the French economy was strong, and stressed his belief, despite speculation from the markets, that the government would be able to maintain its objective of a reduction in public spending by 1997 that would be sufficient to meet the criteria for Euro-zone membership.

Continued on Page 2



US secretary of state Warren Christopher (right) and Serbian president Slobodan Milosevic (left) shake hands in Geneva yesterday in an effort to resolve violence in the Dayton peace accord. The Croats and Bosnians heads pledged to start up their alliance a month ahead of elections in Bosnia. Report, Page 11; Editorial Comment, Page 9

Foreign bank to appeal after court orders reinstatement of 166 workers

By Marietta Bergeon in Jakarta

The Hongkong and Shanghai Banking Corporation is to appeal against an Indonesian labour court's ruling that it must reinstate 166 striking employees the bank dismissed three months ago.

The dispute broke out this year after the bank and the union failed to agree on the renewal of a collective labour agreement which covers conditions of employment, and about a third of the bank's staff went on strike.

which states that an employee who has been absent for more than five consecutive days without permission has resigned. The workers appealed to an arbitration body within the ministry of manpower. The body ordered the bank to reinstate the workers with back salaries, and it had until this week to comply.

Mr Bennett said the bank was "not surprised" by the arbitration body's ruling, adding that the bank would try to resolve the issue through the legal system.

We cannot accept this [decision] and will appeal against it," said Mr David Bennett, deputy chief executive officer at the bank's Jakarta branch.

Continued on Page 10

SBC profits boosted by Warburg's performance

By John Capper in London and William Hall in Zurich

Swiss Bank Corporation's (SBC) (1.8bn) purchase of the UK investment bank S.G. Warburg last year has been more profitable than it appeared at the time, SBC said yesterday as it disclosed strong results for the first half of the year.

Warburg were not disclosed separately, SBC said the operation gained mergers and acquisition advisory fees of \$100m (100m) in what has been an active few months. This returned the corporate finance arm to profit.

SBC Warburg has also improved profits in equity sales and trading by continuing SBC's expertise in derivatives and risk management with S.G. Warburg's long-established presence in stock trading in the UK and continental Europe. The results indicate that SBC may have cleared a significant hurdle in

its acquisition of Warburg. A number of purchasers of UK investment banks and brokers by commercial banks have failed in the past because of awkward culture clashes.

SBC's acquisition of S.G. Warburg, which occurred after the UK's largest investment bank suffered a downturn in profits in 1994, has been a success story since clearly showed of the deals that occurred in the wake of the collapse of UK investment bank Barings in February 1995.

Table with multiple columns containing financial data, likely a market summary or index table. Columns include various market indicators and values.

Advertisement for NatWest Ventures. It features the company logo, a photograph of a camera, and text describing services for Buy-In Management Buy-Out. The text includes contact information and details about equity and debt provided by NatWest Ventures Limited and Midland Bank.

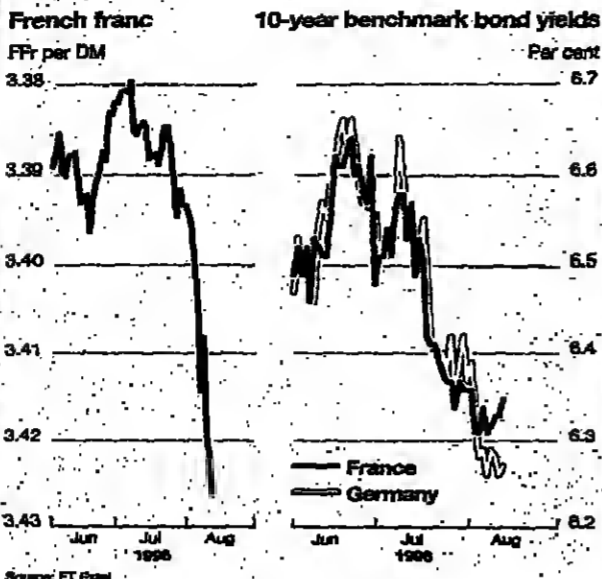
Samer Iskandar and Richard Adams on deficit and interest rate clashes France gets caught in the Emu vice

Yesterday, for the first time, Mr Alain Juppé, France's prime minister, gave up the French citizen's sacred right to spend August undisturbed when he was forced to reassure volatile financial markets.



President Jacques Chirac wants lower interest rates

Markets grow edgy over political discord



Bank governor Jean-Claude Trichet more concerned about inflation

Such things are normal in market-oriented economies, but the more independent the bank, the less likely that disagreements between ministers and governors over policy will make any difference to the markets.

As one economist said: "President Jacques Chirac or Juppé can say what they like about the state of the French economy and its prospects for monetary union, but one statement by Bundesbank chief economist Otmär Issing about German repo rates can move the franc in a way they never could."

At Julius Baer. "There is no inflationary risk today in Germany and France." The main challenge now facing France is to bring down its budget deficit to below 3 per cent of gross domestic product to qualify for the single currency.

The first shots were fired a month ago when Mr Chirac publicly criticised the high level of interest rates in France and Germany. He was then rumoured to have explored ways of undermining Mr Jean-Claude Trichet, governor of the Bank of France, to force him out of office.

French government's desire to see lower official interest rates to boost consumption and increase tax revenues to narrow the public deficit. And financial markets typically fear political discord.

Rooster races bite the dust in north Spain

By David White in Madrid

In the year beach volleyball became an Olympic event, another Olympic sport is on the point of disappearing - the centuries-old practice of rooster races at an obscure village in northern Spain.

stringing up live cockerels. As a result the official competition was staged using dead birds. After some tense exchanges, some villagers decided to hold their own unofficial race in the time-honoured fashion, away from the press and television cameras.

Thousands flee in Grozny ceasefire

By John Thornhill in Moscow

An uneasy stand-off prevailed in Grozny last night after the Russian army and Chechen resistance fighters agreed a temporary ceasefire at midday allowing thousands of trapped civilians to flee the fighting.

Lehed, Russia's national security chief, was also planning to make a second visit to Chechnya to meet top rebel commanders to pursue a permanent settlement. But the Izvestiya newspaper reported that Kremlin infighting had delayed the signing of a presidential decree transferring more authority to the security council, which Mr Lehed runs.

Chechen fighters who in previous years had launched several lightning raids on Grozny before fading back into the southern mountains, appear to be preparing themselves for a long occupation of the Chechen capital and have blockaded themselves into several quarters in the city.



Russian woman in Moscow demonstrating against the war in Chechnya with a sign reading 'Yeltsin to jail'

the conflict and attempt to oust Chechen forces from Grozny for a second time or be forced into a humiliating climbdown.

Mr Nikolai Yegorov, the former presidential chief of staff who now heads the Krasnodar region near Chechnya, yesterday urged the Russian forces to stop talks and crush the Chechens.

Polish coalition row over insurance top job

By Christopher Bobinski in Warsaw

A senior adviser to Poland's finance minister has been appointed head of the country's largest insurance company, sparking a row within the ruling coalition.

Second death in Cyprus clashes

A Greek Cypriot was killed and two United Nations peacekeepers were wounded yesterday when Turkish Cypriot soldiers fire on demonstrators in the buffer zone that has divided Cyprus since 1974. It was the second death in four days of intercommunal violence on the island.

European car sales grow

New car sales in western Europe, growth of which have been erratic this year, were up 6 per cent to 7,915,582 in the first seven months of this year, according to industry estimates. Official July figures will not be confirmed by the European Automobile Manufacturers' Association until next month.

Moscow buys big stake in Zil

Moscow's city authority has effectively renationalised one of the country's most famous industrial enterprises by buying out a big private shareholder in Zil, which makes trucks and the bulky black limousines once used by politicians.

Contract trade-off demanded

Foreign companies should be awarded public sector contracts in Germany only if they invest in training their personnel, Mr Rüdolf Scharping, head of the opposition Social Democrat party's parliamentary group, said yesterday.

Trans-Dnestr hopes raised on trade

By Matthew Kaminski in Kiev

The leader of Moldova's impoverished breakaway Trans-Dnestr region yesterday won guarded support from neighbouring Ukraine for easing cross-border trade and securing energy supplies.

brief civil war in 1992, has turned into a stalemate. The talks in Kiev marked a growing diplomatic role for Ukraine, which in January joined Russia and the Organisation for Security and Co-operation in Europe as joint mediator.

The Kiev government fears a breakthrough could affect its overland links with Crimea, a peninsula inhabited by a majority of Russians, and is concerned about a continuing Russian troop presence in Trans-Dnestr.

Neither Mr Alexander Lebed, the Russian national security chief, who led the 14th Army before entering politics last year, nor the Russian leadership have hidden their dislike of Mr Smirnov, whose hard-line government retains a strong security apparatus and economic central planning.

The move comes in advance of talks between the coalition partners on an overhaul of the government's structure, which will involve senior ministers sharing out a smaller number of cabinet places and is expected to see Mr Grzegorz Kolodko relinquish his post as finance minister.

Hungary-Romania pact agreed

Years of wrangling over minority rights brought to an end

By Virginia Marsh in Budapest

Hungary and Romania yesterday cleared the way for the signing of an historic bilateral treaty aimed at normalising their relations, after years of wrangling over minority rights.

until they settled their differences. A similar recognition treaty was signed between Hungary and Slovakia last year. At that time, talks between Budapest and Bucharest failed at the last moment over inclusion of a Council of Europe recommendation on minority rights.

Bucharest and Budapest to make progress on the treaty before Romania's upcoming general elections. However, diplomats said Hungary had become more willing to compromise after the US and other western countries made clear they did not support its July statement.

The agreement will be a welcome boost to the governing Party of Social Democracy which faces a tightly contested election in November.

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Lonely blacks in the Big... Argentina... Clinton...

صندوق الاموال

صباح الخير

Lonely for blacks in the Big Tent

But the Republican party is courting minorities, reports Patti Waldmeir

Amer Mason should not be famous. But this young, black, gay Republican has become something of a celebrity since General Colin Powell outlined a new Republican electoral strategy on Monday night, which he dubbed the Big Tent theory of unity in diversity.

As Mr Mason points out, his fame proves how small the tent really is. In a more diverse party, he would be less remarkable.

Instead he has become an unofficial spokesman for the Big Tent label and carries the breast pocket of his starched button-down shirt. This North Carolina-born yuppie is a member of the Massachusetts delegation and one of only 54 black delegates to the Republican party convention - less than 3 per cent of the total, despite valiant party efforts to stress the new diversity. As a gay Republican, he can number himself among an even smaller minority.

Mr Mason admits it is a lonely life in his chosen party but believes all that is about to change. "This party has figured out that it was on the wrong track. The party of Lincoln had become the party of Buchanan," he says, referring to erstwhile presidential contender Mr Pat Buchanan, an ultra-conservative Republican who has made no secret of his opposition to homosexuality.

"But the party realised that that road leads to political oblivion, and this convention has taken the first steps to getting it back on track. The forces of intolerance have lost."

Mr Mason bases that judgment on the fact that, though the ultra-conservative faction had its way with the party platform, the convention-speaking programme has been packed with Republican moderates. Monday's celebrity speaker was Mr Powell and Tuesday's was Congresswoman Susan Molinari, another candidate for diversity, an abortion rights supporter and a woman.

Mr Mason says that is a victory for the party's presidential nominee. "Bob Dole lost the platform fight, but the platform doesn't matter," he argues, referring to action by the party's platform committee. Dominated by conservatives, the committee exiled Mr Dole's proposed references to tolerance of opposing viewpoints to a "minority report" or appendix. But when it came to podium speeches, the candidate triumphed.

On the convention floor, however, Mr Mason's "forces of intolerance" are strong if not dominant. Some 500 of the 1,900 delegates are members of the ultra-right Chris-

tian Coalition, according to Mr Ralph Reed, the coalition's director. He says 36-40 per cent are "evangelicals" and probably over half are religious conservatives. However moderate the image projected from the podium, floor delegates are, if anything, more uncompromisingly conservative than ever before.

The Rev Jerry Falwell, a Bible-thumping, pocketbook-pumping media star and ultra-right Republican, is one of them. Asked whether he welcomed homosexuals into his party, the Rev Falwell said he was happy to extend the Big Tent to gays and lesbians so long as they had no power over party policy.

He quickly raised the subject of AIDS, saying that while he had sympathy for AIDS sufferers, the party had a responsibility "to encourage gays and lesbians to stop doing the things that cause the disease". Republicans are counting on Mr Powell and Mr Mason to lure previously excluded minorities under the new canopy.

Mr Kevin Fobbs, the highest-ranking black Republican in the nation as vice-chairman of the Michigan Republican party, believes his party is the natural home of black Americans.

"African Americans are conservative. That's part of our heritage. We believe in the family as central to the framework of society, we're religious; we believe, abortion is wrong."

"If you take away the Republican label, 95 per cent of my people will say Republican values are their values," Mr Fobbs says. "I am a community activist who sports a lapel button declaring allegiance to the much-criticised Mr Newt Gingrich, Speaker of the House of Representatives. He declares he is 'Newt's Friend'."

Mr Fobbs believes Mr Powell is the key to expanding the party's black base beyond the 11 per cent of African Americans who voted for it in 1992. But the general would probably have to stand as a Republican candidate, not just speak up for the party, to achieve that.

Many black Americans feel that if Mr Powell would not be comfortable in the party as its presidential nominee - a position he could probably have claimed - they would not be comfortable in it as members.

The election result could depend heavily on whether the Big Tent can be erected in time. President Bill Clinton won in 1992 largely on the basis of votes from blacks, women, gays and other minorities. Mr Dole must erode his support in those communities.

Patti Waldmeir reports on a positive if unsurprising Republican convention

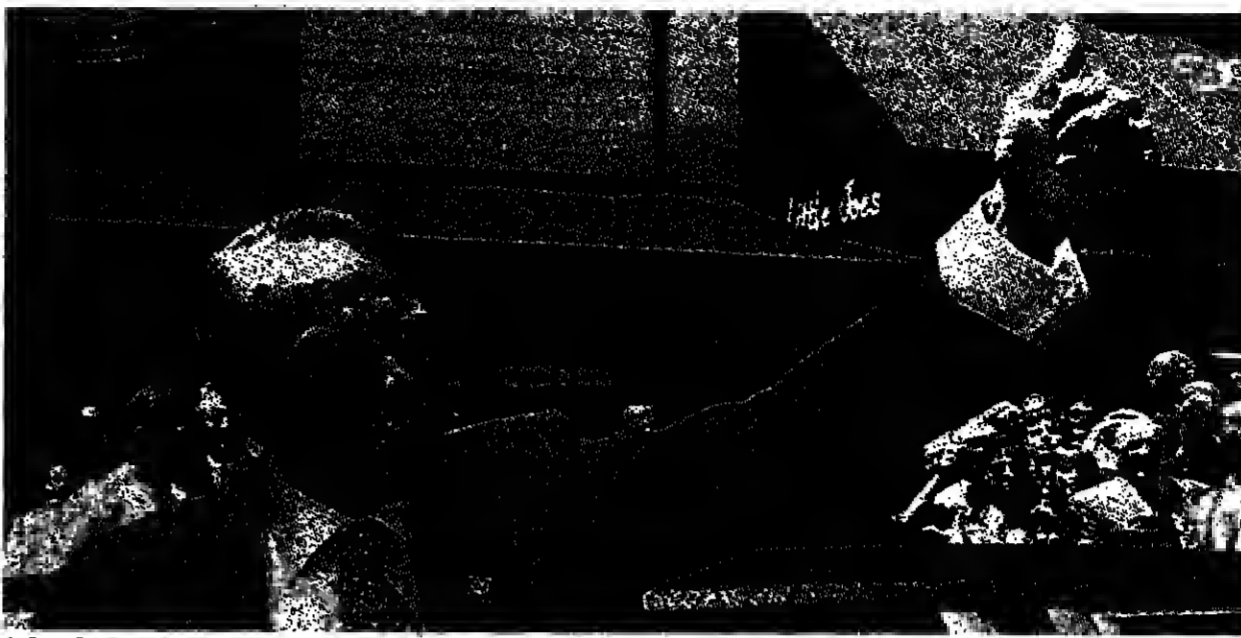
All eyes on Dole to maintain 'bounce'

The Republican party convention in San Diego will reach a climax tonight when Mr Bob Dole accepts his party's presidential nomination and delivers a speech aimed at persuading voters that he can come from behind and win the White House.

Convention delegates, buoyed psychologically by a convention which has avoided dissent and captured largely positive headlines, will be looking to Mr Dole to sustain their party's new momentum beyond the close of business in San Diego tonight.

For the first time in days, Mr Dole last night became the focus of the convention proceedings, with the official choice of a nominee the primary item on the agenda. The previous days had been dominated by positive media coverage of his running mate, Mr Jack Kemp, and the convention's opening speaker, former General Colin Powell.

The surprise choice of Mr Kemp and rare review of Mr Powell's speech, gave delegates an early morale boost. But by last night that had waned slightly, as Republicans faced criticism that they had scripted their con-



Bob Dole waves after a lunch in downtown San Diego. He will accept his party's presidential nomination tonight.

vention too tightly, for the benefit of television, and deprived it of both spontaneity and interest.

Mr Ted Koppel, host of one of the premier television news programmes, ABC's *Nightline*, left San Diego on Tuesday night saying his

show would no longer cover the convention.

"This convention is more of an infomercial than a news event," he told viewers. "Nothing surprising has happened. Nothing surprising is anticipated."

Viewers also reacted badly

to the made-for-TV convention. Rating figures for Monday night, when Mr Powell spoke, showed a 27 per cent drop from those for the equivalent night at the 1992 convention.

Partly this reflects a deliberate Republican attempt to

project an image of dull harmony on the podium, where speakers on Tuesday night avoided all mention of controversial topics.

Congresswoman Susan Molinari, chosen as keynote speaker because of her support for abortion rights, did

not mention the issue in her speech.

Mr Newt Gingrich, the controversial House speaker, was kept off the podium entirely during television prime time, allowed to speak only briefly before most network coverage of the convention began.

Speaker after speaker kept to the safest of Republican themes: attacks on President Bill Clinton, and promises to restore the American dream. The "dream theme" dominated the evening's proceedings: Ms Molinari mentioned it 19 times in 10 minutes, and Congressman J.C. Watts, a black Republican, made 11 references in half that time. It was the central theme of almost every speaker.

Mr Dole will need to deliver the best speech of his life tonight if he is to prolong the "convention bounce" he can expect from the opinion polls, and overcome the 20-point deficit with Mr Clinton which he had when the convention opened.

At that stage, Mr Dole was further behind his rival than anyone who has gone on to win in any modern campaign.

Old guard defends international role

Senior party members at odds with grass roots on foreign policy, writes Jurek Martin

A funny thing happened on the way to the convention arena on Tuesday. Four well-known Republicans got together to say (relatively) nice things about the United Nations and its secretary general, Mr Boutros Boutros Ghali.

They were not delegates nor were they running for office anywhere, but their credentials were impressive. They are Henry Kissinger, Alexander Haig, George Shultz and Laurence Eagleburger - merely four of the last five Republican secretaries of state (James Baker, the fifth, was absent).

Though they preferred to take President Bill Clinton's conduct of foreign policy over the coals, their parallel mission was to remind anybody who wanted to listen that the Republican party has a long tradition of internationalism that has no business being ditched.

As Dr Kissinger put it, "the danger we faced in the cold war was defeat, the danger we face now is irrelevance." Naturally, they all said that a Bob Dole administration could be guaranteed to keep the US engaged as a true leader in global affairs more effectively than the current one.

That is not exactly the message of the party's platform, which contains some nationalist sentiments close to the heart of Mr Pat Buchanan, the former candidate for the party's nomination, who has little truck with foreign governments and international institutions.

Of many ripe passages, one attacks the "Clintonite

view that soon nationhood as we know it will be obsolete; all states will recognise a single authority." That appears closer to the paranoia of the rightwing militia movement that UN helicopters will soon descend all over the country to enforce the New World Order.

Another states bizarrely that Republicans will not "permit any international court to seize, try or punish American citizens." Those allies already concerned about US extra-territoriality in trade-related matters may wonder what this portends.

Other recommendations have been thoroughly farsighted, none more so than "We oppose the commitment of American troops to UN 'peacekeeping' operations under foreign commanders and will never compel American servicemen to wear foreign uniforms or insignia."

The second part of this recommendation stems from a case dear to Mr Buchanan's heart - that of Corp Michael New, court-martialed last year for refusing to wear the UN blue beret.

Closer to the transatlantic bone is the demand for the "immediate expansion" of Nato to include the recently democratised countries of eastern Europe. Russia, the platform states, may have a "special security arrangement with Nato" but no veto over its enlargement.

There is much more to the platform, but perspective is needed. Both Mr Dole and Mr Jack Kemp, his choice as running mate, say they have not read it and do not feel

obliged to implement its every letter if elected. That much is traditional.

The greater risk is that in the course of the campaign a candidate offers hostages to fortune that may tie his hands in foreign affairs if he becomes president.

That was arguably the case with Mr Clinton's promise in 1992 at a largely Irish-American rally to appoint a special envoy to Northern Ireland. At the time this commitment greatly disturbed the British government and it did prove the harbinger of the US drive to bridge the Ulster divide.

The redemption of some promises may be avoided. In 1990, candidate Ronald Reagan said he would set "a date certain" for the release of the US hostages in Tehran after which military action would ensue, but the hostages were released at the moment of his inauguration.

This year, it is evident that the incumbent looks less vulnerable now in foreign affairs than he did two years ago. Recent successes in the Middle East, the Balkans and Northern Ireland look shakier than they did but the drum beat of criticism has become more

mutated, reflecting the relative lack of interest in foreign policy from the electorate.

Still, the four ex-secretaries of state implicitly warned Mr Dole not to get carried away and demonise Mr Boutros Ghali, as he has been doing for much of the last year, or to assume, as they argued Mr Clinton did, that the UN's only value is as an instrument of US policy, thus risking the solidarity of US relationships with its best allies.

There remains the possibility of a foreign policy "surprise" before the November election. Both the Bal-

kans and the Middle East are alive with the threat of new terrorism and there have been recent hints from Cuban-Americans that they may again seek to provoke President Fidel Castro into the sort of reaction that may, in turn, force Mr Clinton to act dramatically.

But that is an easy and conspiratorial hypothesis and any administration response will also take on board the president's standing in the opinion polls.

After all, President George Bush did not intervene in Somalia in 1992 until after he had been defeated.

Argentine strike threatened

Argentine unions said yesterday they might call a general strike lasting 36 or 48 hours for the end of this month or early September in protest at an austerity package announced earlier this week by Mr Roque Fernandez, the economy minister, writes David Pilling in Buenos Aires.

Last week, a national strike brought the country to near-standstill and led to clashes between strikers and the security forces. It was the biggest strike faced by President Carlos Menem since he was first elected in 1989.

Austerity measures, which aim to save the Treasury an

annual \$4bn-\$4.5bn, would kill off demand and plunge Argentina back into recession, said a spokesman for the CGT union federation. The measures, including tax rises and an end to several industrial and export-promotion subsidies, would quickly bring the government into conflict with

unions, he warned. The CGT will decide whether to call a strike next Tuesday.

The package, some elements of which need congressional approval, would raise the outgoings of an average middle-class family by 6 per cent, according to the Orlando Ferreres economic consultancy.

Clinton moves on sweatshops

By Nancy Dunne and Stella Burch in Washington

The White House will soon appoint a high-level task force to help ensure that clothing and footwear sold in the US are manufactured under humane working conditions.

The task force, which will include representatives of companies, and labour, consumer, religious and human rights groups, will have six months to submit recommendations for informing consumers about the conditions, both in the US and overseas, under which products are manufactured.

The White House initiative follows the growing use by US worker rights activists of consumer pressure to improve working conditions both in the US and abroad.

A boycott, called by the

National Labour Committee, against The Gap clothes shops in the US, forced the management last December to promise to improve the lot of young workers in the subcontracting factories in El Salvador. Pressure is being applied by the same group to improve conditions for Haitians making Walt Disney merchandise.

Mr Clinton, prodded by Mr Robert Reich, his labour secretary, is advocating a less confrontational approach. He is urging companies to be "good corporate citizens" by monitoring the working conditions of manufacturers who produce their goods.

At a White House meeting earlier this month, also attended by Vice-President Al Gore, Mr Clinton told chief executive officers of Nike, Liz Claiborne, and other market leaders:

"Human and labour rights are not brand names. They are the most basic products of our democracy."

The companies have pledged to co-operate. Their representatives are scheduled to meet others on the task force on September 6 in the White House.

Under consideration is a proposal to provide "sweatshop free" lists or product labels. Remark International, a global programme, which uses labels to ensure no child labour was used in making hand-knotted rugs, was held up at the White House meeting as one model.

Officials say the initiative is more than a political ploy in an election year when the president needs a strong turnout from labour. They point to a survey conducted late last year by Marymount University which found that

over 75 per cent of Americans would boycott stores selling goods produced in sweatshops. Almost 85 per cent said they would be willing to pay up to \$1 more on a \$20 garment if it carried a label guaranteeing that it had been made under humane conditions.

Concern about working conditions in the garment industry was heightened by the discovery of a California sweatshop last year where more than 70 Thai workers were kept in virtual slavery, earning \$1 a day to repay their passage to the US.

Mr Philip Knight, Nike chairman, did not endorse the labels approach but acknowledged that "we need to do a better job of publicly describing the actions we've taken to promote fair labour practices in newly emerging market societies".

中国出口商品交易会

THE CHINESE EXPORT COMMODITIES FAIR

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the 80th Session
Autumn '96

Covering a total floor space of 160,000 sqm., the current Chinese Export Commodities Fair is divided into six specialized exhibition halls, which are subdivided into 33 exhibition districts. The exhibits are displayed under six categories, i.e., Foodstuffs and Native Produce & Animal By-products; Light Industrial Products and Arts & Crafts; Textiles & Garments; Metals & Minerals and Chemical Products; Medicines & Health Products; Mechanical & Electronic Products. Thousands of Chinese foreign trade corporations (enterprises), who are of good credibility and sound financial capabilities, display more than 100,000 varieties of commodities here.

For invitation application or further information, please contact directly with China Foreign Trade Centre(Group) or the Commercial Counsellor's Offices / Sections of the local Chinese Embassies / Consulates or China Travel Service(H.K.) Ltd. and its overseas branches.

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Organizer: China Foreign Trade Centre (Group)
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COMPANIES AND FINANCE: ASIA-PACIFIC/THE AMERICAS

Higher costs blamed for decline at Fairfax

By Nikki Tait in Sydney

John Fairfax, the Australian newspaper publisher which is the focus of bid speculation, yesterday announced a near-30 per cent fall in profits after tax but before abnormal items...

ment has been in flux over the past year, with Mr Stephen Mulholland stepping down as chief executive in September...

Fairfax said that newspaper prices had risen by an average 25 per cent and coated paper prices by 40 per cent over the year.

tion of the Australian Geographic business. Fairfax said that circulation of its main publications improved, but that most saw lower advertising volumes.

Fairfax's largest shareholder is Mr Conrad Black, the Canadian media proprietor. He has a near-26 per cent interest but cannot raise this further under Australia's foreign ownership rules.



Conrad Black: current rules prevent him lifting his stake

NEWS DIGEST

Labour disputes hit Korean car groups

Labour disputes in June caused South Korea's two biggest carmakers to report a decline in earnings for the first half of 1996. Hyundai Motor, the country's largest car company, registered a 42 per cent fall in net profits to Won51.6bn (\$68.2m)...

Posco posts 16% advance

South Korea's Pohang Iron and Steel (Posco), the world's second-biggest steel maker, reported a 16 per cent rise in net profits to Won385bn (\$471m) for the first half of 1996, while sales increased by 3 per cent to Won4,174bn.

Molson edges ahead in term

Molson, the Canadian brewing, hardware retailing and entertainment group, posted slightly higher earnings for the first quarter ended June 30, though its share of the Canadian beer market shrank.

Korean Air in loss at midway

Korean Air, South Korea's largest airline, reported a loss of Won254bn (\$311m) for the first half of 1996 against a net profit of Won77.5bn a year ago, because of higher depreciation charges and foreign exchange losses.

Mayne to invest in healthcare

Mayne Nickless, the Melbourne-based transport, security and healthcare group, said yesterday that it planned to direct the bulk of the spare funds resulting from the forthcoming sale of its stake in Optus Communications, the Australian telecommunications group, into its healthcare division.

Ashanti amends merger terms

Ashanti Goldfields of Ghana, the mining company in which Lomrho of the UK holds a 37 per cent stake, has amended the terms of its US\$200m bid for Australia's Golden Shamrock Mines.

Sydney casino group in black

The Sydney Harbour Casino group, in which Showboat of the US has a 26.3 per cent stake, yesterday announced an after-tax profit of A\$1m (US\$79,000) in the half-year to end-June, despite achieving revenues of A\$182.6m.

General Mills acquires Ralcorp cereals business

By Richard Tomkins in New York

The breakfast cereal war in the US intensified yesterday when Ralcorp, the biggest US maker of private label cereals, announced the sale of its branded cereal business to the rival General Mills group for about \$345m.

The price war was triggered in April when Post, a division of Philip Morris, announced it was cutting prices of its Post and Nabisco brands by an average of 20 per cent.

Thai power deal nears completion

By Ted Bardacke in Bangkok

A power purchase agreement between the Electricity Generating Authority of Thailand (Egat) and a private consortium consisting of Thai Oil, Unocal and Westinghouse should be ready for signature within the next four weeks, a senior Thai energy official said.

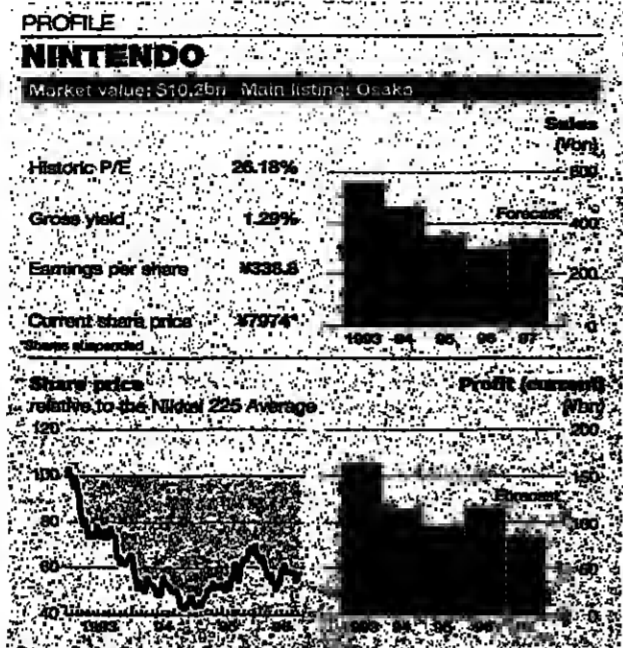
cessionaires operating in the Gulf of Thailand and to source liquefied natural gas from Oman should resolve the matter, he said.

Nintendo moves to calm market fears over profit

By Michiyo Nakamoto in Tokyo

Nintendo yesterday moved to calm stock market fears that its business performance has deteriorated sharply due to the poor performance of its latest video games machine.

Kyoto, which is closed for the week-long obon summer holiday, came in response to heavy selling of the company's shares on both the Tokyo and Osaka stock exchanges.



Nintendo disputed the newspaper article's claim that inventories were building up at retailers, and emphasised that it was on track to ship 5m units in Japan and overseas in the year to the end of March.

Advertisement for The Republic of Argentina NLG 250,000,000 7.625% Fixed Rate Notes due 1999. Includes logos for ABN AMRO, ING, Deutsche Morgan Grenfell, SBC Warburg, Bank Brussel Lambert N.V., Caisse des Dépôts et Consignations, CS First Boston, Dresdner Bank, van der Hoop Effektenbank N.V., Kredietbank International Group, Merrill Lynch International, Paribas Capital Markets, UBS Limited, Rabobank Nederland, Bank Labouchere N.V., Commerzbank Aktiengesellschaft, DG BANK, Fortis Investments, HSBC Markets, MeesPierson N.V., NIBStrating Securities N.V., and Salomon Brothers International Limited.

HK airport services deal

By John Ridding in Hong Kong

The main aviation groups of China and Taiwan are to co-operate in a ground services operation at Hong Kong's new airport alongside an arm of Jardine Matheson, one of the territory's founding trading groups, according to an announcement made yesterday.

venture between Jardine Pacific and CNAC, the commercial arm of China's aviation regulator.

Advertisement for European Investment Bank NLG 500,000,000 Floating Rate Bonds 1992 due May 15, 2002. Includes Rabobank International logo and date August 13, 1996.

Vertical advertisement on the right edge of the page, partially cut off, mentioning 'Investme', 'Autoliv lo', '20% of ai', 'Tadiran ahead at \$38m in first half', 'Pe', 'OI', 'ne', 'COM', 'C'.

سكنا من الامل

COMPANIES AND FINANCE: EUROPE

Investment side drives growth at SBC

By William Hall in Zurich
Swiss Bank Corporation yesterday reported a 34 per cent rise in after-tax profits for the first six months of the year...

tion were showing through "better and quicker than expected". Mr Sylvan Zuller of Bank Sal. Oppenheim (Schweiz) said it was an important factor behind the improvement in SBC's return on equity...

commission income rising 58 per cent to SF2.1bn, or nearly twice as fast as at UBS. By contrast, SBC's revenues from trading and risk management rose 27 per cent to SF1.5bn...

Diabetes unit leads rise at Novo Nordisk

By Andrew Arnold in Copenhagen
A strong performance in its core diabetes division helped Novo Nordisk, the Danish pharmaceutical company, lift interim pre-tax profit 19 per cent...

NEWS DIGEST

Akbank advances 17% in first half

Turkey's overheating economy helped drive profits ahead at Akbank, the country's biggest private-sector bank, which reported first-half net income up 17 per cent in dollar terms to \$178.4m...

Many Turkish banks and companies now make most of their profits by lending to the government at very high interest rates. Ms Aslihan Sen, analyst at Istanbul's Global Securities, said: "Akbank has a larger ratio of (treasury) securities to assets than other large Turkish banks..."

High interest rates reflect rising political uncertainty and a deteriorating economic outlook. Turkey now has an Islamist-led government whose populist policies are fuelling inflation, interest rates and treasury debt...

Bang & Olufsen lifts dividend

Bang & Olufsen, the Danish audio and TV manufacturer, reported pre-tax profits of DKr272m (\$47.6m) in the year to May 31, up 8 per cent on the previous 12 months...

Omnitel holds loss to L260bn

Omnitel Pronto Italia, Italy's second mobile phone group, has unveiled an after-tax net loss of L260bn (\$171.5m) for the first half of 1996, seven months after launching its GSM mobile phone service...

Autoliv looks to capture 20% of airbag market

Autoliv, the Swedish automotive accessories group, says it expects to increase its share of the world's car airbag market to nearly 30 per cent by 2000 from the current 12 to 13 per cent...

the company and continued savings, Autoliv said. Currency fluctuations had a negative effect of 10 per cent on sales, offset by which lifted sales 8 per cent. The group, which was spun off from Electrolux, the household appliance maker, in 1994, has made several acquisitions to complement organic growth...

Its core markets are in Europe, where its customers include Renault, Ford, BMW, Volvo and Saab. Operating profit for the first half was SKr585m, a rise of 20 per cent on the comparable period. Shares for the group rose SKr7 to close at SKr206.



Tadiran ahead at \$38m in first half

By Avi Machlis and Julian O'neill in Jerusalem
Tadiran, Israel's leading electronics company, yesterday reported record first-half results, with surging net income and a 12 per cent increase in sales.

Property disposals bolster Merita

By Greg McIvor in Stockholm
Merita, the dominant banking group in Finland, said profits rose 63 per cent in the first half of 1996, although it attributed a substantial part of the increase to non-recurring items such as property disposals.

However, the results were not fully comparable, since the 1995 report excluded first-quarter profits from Kansallis. Pre-forma figures were not produced. Much of the pre-tax gain resulted from disposals of property assets repossessed during the banking crisis of the early 1990s.

Property disposals bolster Merita

chief executive, said group operations developed more favourably than expected in the first half, buoyed by strong activity on equities markets which lifted income from investment business. He forecast full-year profits would be "firmly positive", reflecting a gradual recovery in domestic demand and the stabilisation of loan losses at "normal" levels.

Markka-lending increased slightly but was outweighed by a drop in foreign currency lending amid tougher competition from domestic and international banks. Merita said the decline caused a minor fall in interest income. Its "broad margin", its nearest equivalent to a net interest margin, slipped from 2.8 per cent to 2.5 per cent.

Old shipping line stirs new wave of interest

Compagnie Générale Maritime may not be among the French companies most closely followed by investors and analysts, but nine potential buyers have come forward to express serious interest in the forthcoming privatisation of the state-owned shipping group.

Old shipping line stirs new wave of interest

The nine approved by the government have until October 3 to study the financial details of CGM and submit formal bids, clearing the way for a sell-off before the end of the year. CGM has 2,000 employees and operates 31 ships valued at FF21.5bn (\$296.5m) on a variety of freight and passenger routes around the world, many connecting France to its former colonial territories.

CGM sell-off has attracted nine contenders

The French state's use of CGM as a tool for regional economic development, as much as a commercial group, could prove one of the biggest challenges for buyers and explains why one of the conditions for tender is that acquirers hold on to their investment for at least two years and specify plans for its routes.

CGM sell-off has attracted nine contenders

Last month, the group conceded it had been associated with heavy shipping and high costs, but stressed that this image was no longer true. Others are more sceptical, referring to example to its 80 per cent-owned SNCM subsidiary which links France to Corsica, and which charges high, inflexible prices on a near-monopoly route and recently built a hugely expensive ferry which operates at nowhere near full capacity.



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COMPANIES AND FINANCE: UK

Suitors ready to woo Lloyds Chemists again

By Christopher Price

The likelihood of a fresh bid for Lloyds Chemists increased yesterday as the two suitors, Gehe and UniChem, indicated they were poised to fulfil the government's conditions for buying the high street drug group.

pharmaceuticals business before reviving takeover attempts. Previous bids by Gehe and UniChem were referred to the Monopolies Commission in March. Both have extensive interests in the wholesale market.

These would then be submitted to the DTI for approval to open the way for a new bid. The government gave the two bidders until October 18 to comply with its conditions.

Lloyds after the disposals and last month's profit warning. Mr Eick emphasised that Gehe considered the value of Lloyds to have diminished since the referral in March.

forecasts from \$60m to \$50m. "If this does not affect the value of a company, I do not know what does," Mr Eick said.

Mr Geoff Cooper, finance director of UniChem, was more positive. "We always knew that we would have to make some disposals when we made our last bid. We were also aware of the trading situation at Lloyds."



Gareth Davies, left, with Bruce Ralph: 22 businesses to go

Glynwed to slim down after decline to £40m

By Richard Wolfe, Midlands Correspondent

Glynwed International, the diversified engineering group, said yesterday it would dispose of 22 non-core businesses after announcing a 3 per cent decline in interim pre-tax profits.

is on water companies' plans to repair and replace old water mains. However, the pipe systems division was hampered by a downturn in demand from the UK gas industry and reduced industrial investment in continental Europe.

Leap at Games Workshop

By Christopher Price

Teenagers' seemingly insatiable appetite for gobblins and dragons helped Games Workshop, the fantasy board game retailer, to increase pre-tax profits 47 per cent to \$3.87m (\$13.8m) in the year to June 2.

Granada plans city cable channels

By Raymond Snoddy

Granada Media, the Granada group's television operation, is planning to launch city-based cable television channels aimed at specific regions in the UK and continental Europe.

complement the seven new satellite programme services to be launched in October in a joint venture with BSkyB. Granada's channels, which would offer live entertainment and news, could offer considerable competition to the two main existing cable-only channels, the Mirror Group's Live TV and Channel One, the 24-hour news channel owned by Associated Newspapers.

Granada could use its facilities in London, Manchester and Liverpool to produce what it believes would be high quality television at £2,500 an hour for large urban areas.

Two umbrella organisations will also be created: Granada International Productions under Mr Jules Burns and Mr Andrew Wong for Granada UK Broadcasting run by Mr David Liddiment.

Other areas being looked at include programmes that can cross international frontiers, such as animation, music and the arts.

LEX COMMENT

Investment trusts

The bidding war for Kleinwort European Privatisation Investment Trust (Keptit) has placed the spotlight on the murky world of investment trusts. And with its fat termination fees, long management contracts and cosy relationships between company boards and investment managers, it is not a pretty sight.

Hanson gas arm signs £100m deal

By Simon Holberton

Eastern Natural Gas, the gas subsidiary of Eastern Group, yesterday extended its portfolio of natural gas with a £100m (\$156m) deal to take Lasmo's and British Borneo's shares of the Boulton field in the North Sea.

years beginning in the second quarter of 1996 when the field comes into production. At peak consumption, Eastern will buy 130m therms of gas a year.

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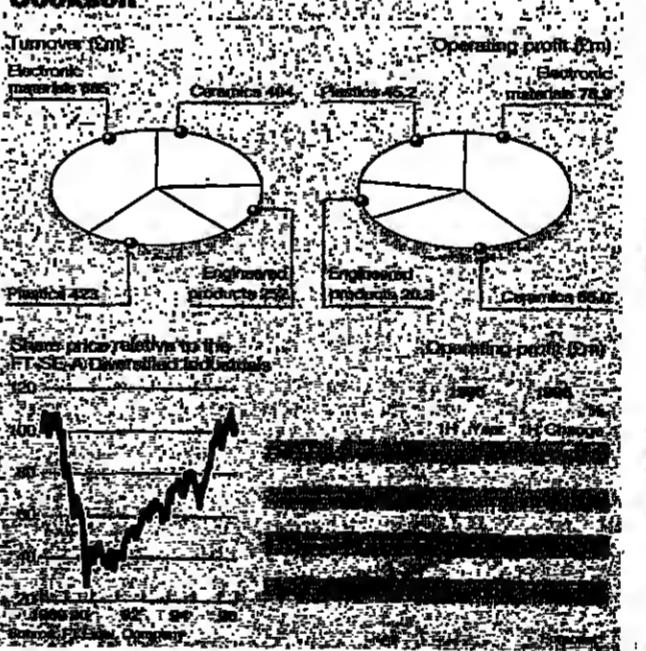
Copies of the Newco Supplementary Prospectus and the Newco Prospectus may be obtained during usual business hours, up to and including 16 August 1996 (for collection only), from the Company Announcements Office, London Stock Exchange Tower, Capel Court, off Bartholomew Lane, London EC2N 1EP and up to and including 29 August 1996 from the registered office of the Company at 27 St. James's Place, London SW1A 1NR.

15 August 1996

Bear faction questions targets

Ross Tieman looks behind the fall in Cookson's share price

The irrepressible optimism of Mr Richard Oster, the chief executive of industrial materials group Cookson, has been called into question by the stock market.



and solder the circuits. The printed circuit machines are behind the profits glitch. Multilayered boards, containing up to 12 circuits, have been replacing traditional cards in personal computers and other devices.

In the past two days, shares in Cookson have fallen 6 per cent, to 25p, as analysts again pared their profit forecasts.

Mr Oster's trumpeted 1994 targets for operating profit growth - "double in three years, triple in five" - look a good deal less achievable because of a hiccup in demand for circuit board manufacturing machines.

But signs are that demand from manufacturers is reviving. Dell, the US personal computer maker, says its sales are rising 18-20 per cent a year. Nokia, in mobile telephones, reports demand growth of 30 per cent.

Table with columns: RESULTS, Turnover (£m), Pre-tax profit (£m), EPS (p), Dividend (p), Date of payment, Total for year, Total last year. Lists various companies like BICC, Brunner Niro, Cable Q, City Centre, etc.



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صحة من الاجل

TECHNOLOGY

Lustre of gold particles

In the constant quest to build smaller and faster electronic devices, a new generation of semiconductor films, consisting of tiny gold particles, has been developed.

The particles are a few nanometres (millionths of a millimetre) across and are stabilised by a thin coating of thiol, a small sulphur-containing molecule. This coating not only prevents the nanoparticles from coalescing, but induces the particles to order themselves into well-defined structures - an essential requirement for ensuring uniform electrical properties in the bulk films.

Initial studies, carried out at Liverpool University, have shown that both the electrical and optical properties of these ordered films are governed by the size of the nanoparticles and the distance between them, both of which can be adjusted by modifying the thiol coating.

In separate articles published in Nature today, two US research teams, based at Northwestern University, Illinois, and the University of California, Berkeley, describe taking this a step further using molecules of DNA capped with thiol to control the spacing between the gold particles.

At room temperature, the DNA-coated particles assemble themselves into a close-packed structure and the films absorb light in the red region of the visible spectrum. At higher temperatures, the bonding between the gold particles breaks up and the well-defined structure is no longer stable. The colour of the film also changes.

Two advantages are that these materials can be produced by simple colloidal chemistry techniques on a large scale and that the properties of the films do not appear to degrade with time. As these semiconducting films are half way between simple synthetic structures and biological materials, potential applications are endless.

Carol Jones

When customers of Hertz return their rented cars to Heathrow and 12 other locations in Europe, they are met by Hertz representatives wielding hand-held radio data terminals.

Details of the vehicle registration number, rental agreement, mileage and fuel level are keyed in, and sent via base stations and computer links to the Hertz mainframe in Oklahoma City. Within 60 seconds the customer receives an itemised receipt from a printer attached to the terminal.

This time-saving innovation is an example of an emerging trend in wireless radio frequency data communications (WDC) systems. An increasingly common feature of warehouses and distribution centres for food, pharmaceutical and other industries, they are beginning to make inroads in manufacturing, ports and container-handling terminals and other applications.

The trend is being driven by the increasing sophistication of WDC equipment powered by 32-bit microprocessors, along with reduced costs, greater reliability and enhanced "connectivity" of the software that links radio frequency (RF) equipment with other computer systems.

Companies which have used WDC systems are realising the advantages of using them further "up" or "down" the production chain from their warehouses, says Patrick Bays, vice-president for international operations at Ontario-based Teklogix, one of the pioneers of the technology.

The Mississauga-based company supplied Hertz with its system and has been one of the main beneficiaries and instigators of this trend, which is partly motivated by the increasing maturity of the warehouse WDC market, at least in North America.

In the 1980s, says Bays, radio frequency data collection was a tool to improve stock control in a warehouse. Big companies were the first to realise that they could obtain efficiencies and quick pay-backs, but as the cost of implementing an RF system came down, along with the price of broader range of companies became customers.

Nowadays a typical order for an RF system would be worth about \$100,000 (£64,000) and would include several hand-held terminals and, increasingly, terminals that can be mounted on lift trucks. These would be linked by radio to base stations, whose number would depend on the size of the building and the frequency

Andrew Baxter on a fruitful linking of radio and computers

Wonders of wireless



Wireless data communications in use at Glaxo Wellcome in Toronto

band used, and network controllers linked to host computers.

Companies such as Campbell Soup and Glaxo Wellcome, for example, are using Teklogix equipment in their Canadian distribution centres. Terminals mounted on lift trucks pick up information from scanners of the bar codes on pallets or boxes of goods, send it to the warehouse computer system and receive instructions. Users obtain big improvements in the accuracy of stock control information.

It is not surprising that the technology is also attractive outside the warehouse. As John Anderson, computer services manager at Tilbury Container Services, points out, a container terminal is "just like a gigantic outside warehouse".

Container handling at the UK terminal, which is majority owned by P&O, has until now been manually-based, he says. Clerks in a control room communicate by radio with drivers of the vast "straddle carriers" that shift containers around, or drivers are given a list of tasks. "The more you use voice, the more prone to error and slower the system will be," says Anderson.

Next month the terminal will go live in the first phase of a project in which about £100,000 of Teklogix equipment will be installed, including terminals in all 14 straddle carriers. Anderson sees big benefits for productivity in giving "the people who do the work" - the drivers - the ability

to access and update the main computer system.

In the manufacturing sector, WDC systems can be used to access and update the information that accompanies raw materials and products as they move along the supply chain and through a factory, says Teklogix. Increased PC processing power allows more data to be processed and exchanged in a given time, so that the sophistication of the applications can be increased.

One important new application in manufacturing is improving quality control. Whirlpool, the US white goods maker, recently began using it to track products as they come off the production line, to ensure they are put in the right packaging. In the UK, another US multinational, Caterpillar, has installed a Teklogix system to manage the flow of materials through its construction equipment assembly plant at Desford, near Leicester. In general, however, manufacturing sites in the UK have been relatively slow to adopt such equipment.

This is due partly to the higher initial cost of a wireless system compared with a hard-wired version. But manufacturers are realising that a wireless system gives them more flexibility, particularly when they want to change the layout of production lines, says Mick Wright, customer services manager at Teklogix UK.

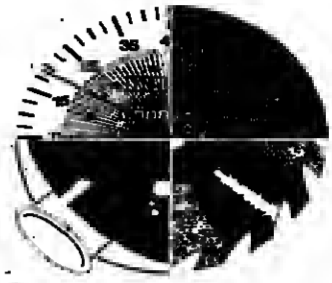
The Canadian parent company is planning its next enhancement of WDC technology. In March it acquired Tampe-based Badger, which makes "ruggedised" portable computers used by transportation, field service and public safety businesses.

Unlike the current Teklogix system, which operates as a local area network, the Badger computer is used in wide area networks. This would enable data to flow from one warehouse or factory to another, potentially enabling Teklogix to cover the whole supply chain.

Production of the computers will be shifted to Mississauga this autumn, and the range will be integrated with Teklogix's existing products by next year. "Our traditional customers' needs are expanding to require wide-area data communication," says Roderick Coutts, Teklogix chairman and chief executive.

Additionally, because the Badger machines use a Dos operating system, they are programmable - unlike Teklogix's current terminals which depend on applications software. In some applications, it could be important to have a programmable terminal, especially with the trend towards "distributed" or decentralised computing, says Bays.

Worth Watching - Vanessa Houlder



Spotlight on solar power

At last solar energy is becoming a cost-effective alternative to more traditional power sources, writes Carol Jones. A low-cost process, similar to that used for depositing anti-reflective coatings on glass, has been developed to manufacture large area photovoltaic devices based on copper indium diselenide (CIS).

Traditional commercial solar cells based on amorphous silicon convert only 4 per cent of sunlight into electricity. The new cells can at least double this and soon could reach values close to the 14 per cent efficiency obtained from much smaller cells manufactured under extremely clean laboratory conditions.

Within the next year, Global Solar Energy, an Arizona-based company formed by Tucson Electric Power and ITN Energy Systems, will have the capacity to manufacture 255,000 sq ft of CIS modules a year, enough to produce 1.5MW of electricity.

ITN Energy Systems: US, tel 303 420 1141; fax 303 420 1551.

Fish caught on satellite

A satellite information system has been set up by the European Union in an attempt to stop illegal fishing, stabilise fish prices and cut down the wastage of unwanted fish.

The system will establish a satellite link between fishing vessels and ports, which will provide information about the fish available on the fishing vessels and the demand at the large ports.

The Infomar project, which has been set up under the EU's Esprit programme, involves Vega Group, a UK software company; Navis of France,

Navis of Norway and Marstar of Iceland. The £3.1m project is expected to improve the efficiency of the European fish market, where there are large variations in price between one port and another.

Vega Group: tel UK (0)1707 391988; fax (0)1707 393909.

Cutting down on internal scarring

Many thousands of patients who have undergone abdominal surgery suffer from internal scarring. The scar tissue - or adhesions - can cause pain, infertility and intestinal blockages.

Genzyme Therapeutics, the US biotechnology company, has designed a protective film which reduces the risk of adhesions because it keeps tissues apart during surgery.

Septrafilm, which is made from two naturally occurring polysaccharides, turns into a gel inside the body. It stays in place for seven days - the period when adhesions are likely to develop - before breaking down and being cleared through the kidneys.

Genzyme Therapeutics: UK, tel (0)1440 703522; fax (0)1440 714392.

Audio retrieval makes itself heard

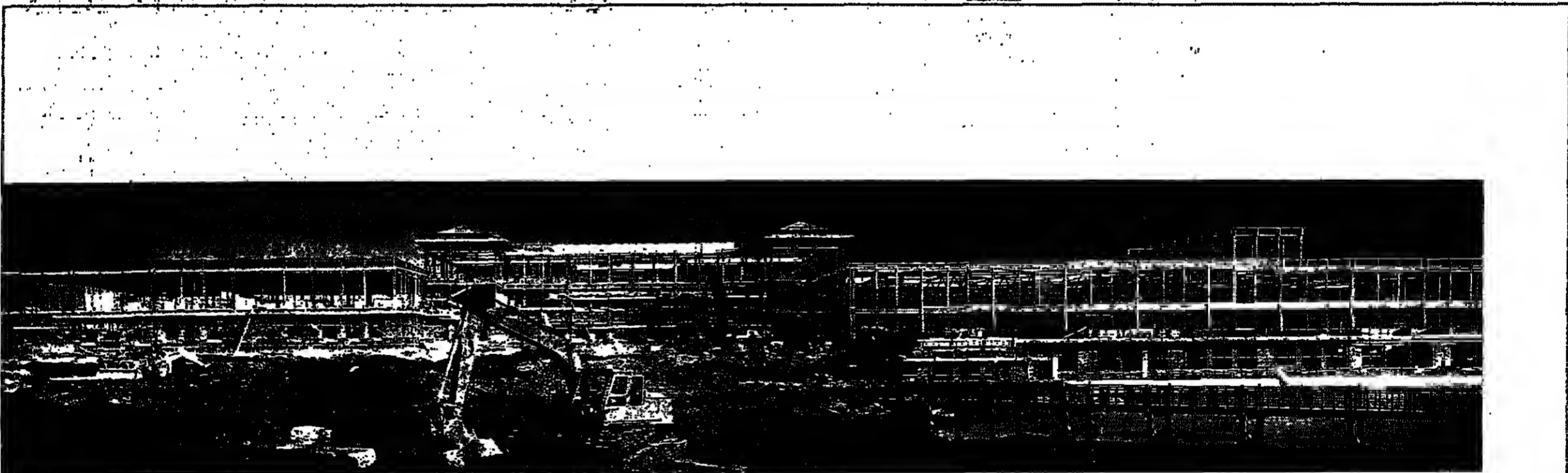
Unlike text, there is no easy way to store and retrieve recordings of the spoken word. Archives of radio, television, audio and video are virtually useless unless the items have been indexed, or translated into text.

Olivetti Research and Cambridge University have tackled this problem with the development of the prototype of an audio retrieval system.

Voice recognition software is used to compute a "lattice" of sub-words for each message or programme. To find and play back the item, the user types in search words, which are scanned against the sub-words, generating a display that ranks the recordings of interest.

The project was funded by the Department of Trade and Industry and the Engineering and Physical Sciences Research Council.

Olivetti Research Laboratory: UK, tel (0)1223 343000; fax (0)1223 313542.



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Working together to create new horizons

INTERNATIONAL CAPITAL MARKETS

Step-up coupon slows Mexico DM deal VSNL may revive plan for record Indian GDR

By Susanna Voyle and Antonia Sharpe

Mexico's move to tap the D-Mark market after last month's successful \$6bn floating-rate note issue got off to a slow start yesterday because of the unusual structure of its DM1bn offer. The eight-year fixed-rate bonds pay 8% per cent for the first five years, representing a spread at issue...

INTERNATIONAL BONDS

price of 288 basis points over comparable German government bonds, after which they are puttable at par. For the last three years the coupon steps up to 10% per cent. Lead manager Dresdner Bank blamed the step-up for the slow sales yesterday. Investors need time to evaluate the structure of the transaction, it said. Dresdner expects that the issue - targeted initially at institutions - will attract interest from the retail sector. To date, around 60 per cent of sales have been to German investors and 40 per cent internationally.

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-name. Includes entries for World Bank, Toyota Motor Credit Corp, and others.

The decision to tap the German market reflects demand for higher-yielding paper among German retail investors. On Tuesday, Turkey's DM500m offering - its second D-Mark issue of the year - was sold largely by retail investors attracted by the 8 per cent coupon. Deutsche Bank said Mexico's issue would have to be shifted quickly because many other Latin American issuers are looking at the market. It predicted that Argentina and Venezuela would issue D-Mark bonds in the next few weeks. Yesterday's other significant transaction was the widely-expected \$1bn 10-year deal from the World Bank.

rather than launch a new deal. The new bonds were priced to yield 23% basis points over Treasuries. The Swiss franc market remained active, with TMCC, a coveted name among investors, tapping the market for SF200m with a four-year offering. Lead manager UBS said investors had shortened their required durations after extending them to 10 years last week. The bonds traded at less than 1.20, within fees of 1/4 per cent.

By Tony Tasseff

The largest Indian GDR offering to date was a \$300m offering in 1994 by Reliance Industries, the petrochemicals to textiles group. Any VSNL offering would be a critical test of the appetite for further Indian paper from foreign investors. Already this month, two companies, Tata Engineering and Locomotive Co and Industrial Credit and Investment Co of India, have raised a total of \$400m through GDR issues, and foreign interest in the domestic market has declined as funds have diverted their attention to international offerings. Brokers said the Indian government, which owns 82 per cent of VSNL, may attempt to launch its issue ahead of the \$10bn equity offering by Deutsche Telekom, expected in October or November. This would allow State Bank of India, the country's largest commercial bank, to follow with its planned \$350m-\$500m GDR issue in October. However, it is still not clear whether any VSNL issue would be part of the government's privatisation programme, which aims to raise Rs60bn by the end of the year. One UK fund manager said that a VSNL offering would attract considerable interest from foreign investors seeking exposure to the Indian telecoms market. However, he said the pricing of the issue would have to be "right". The first issue was postponed after an "unrealistic" pricing by the government. The fund manager said that although foreign investors remained interested in quality Indian GDR issues, premiums have tightened in recent months. The VSNL offering will be lead managed by Kleinwort Benson, Salomon Brothers and Jardine Fleming.

Currency weakness hits German bund prices

By Samer Iskander in London and Lisa Brunton in New York

European bond markets traded quietly yesterday, in anticipation of today's closure of several markets for the Assumption Day holiday. German bunds fared poorly as the D-Mark weakened against the dollar, allowing other European currencies to regain part of previous weeks' losses. Life's September bond contract settled at 97.76, down 0.10, while in the cash market the 0.1% per cent bond due 2006 lost 0.13 at 99.64. UK gilts were the only European bonds to underperform bunds, their 10-year yield spread widening by 5 basis points to 170 points. The September long gilt future on Liffe lost 1/8 to close at 107 1/8. Market participants were disappointed by the release of data showing growth in average earnings reached 3.75 per cent in July, against expectations of 3.5 per cent. A fall of 24,100 in the number of unemployed was also larger than expected. Analysts said the data revived fears of a pick-up in wage-led inflationary pressures. French bonds ended higher, supported by a firmer franc on the currency markets. Matif's September

notional contract settled at 123.54, up 0.12, while the September Fibor future gained 0.14 at 95.80. Traders seek heart from Mr Otmaz Ising, chief economist of the Bundesbank. US Treasury bonds yesterday recovered a small part of Tuesday's losses as data on productivity and business inventories came in line with analysts' expectations. Near midday, the benchmark 30-year Treasury price had risen to 99 1/8, regaining 1/2 of the 1 1/8 it lost on Tuesday and sending the yield down one basis point to 6.784 per cent. At the short end of the maturity spectrum, the

two-year note, which lost 1/4 on Tuesday, was a stronger 100 1/8, yielding 5.940 per cent, and the September 30-year bond future was higher at 111 1/8. The Labor Department reported at mid-morning that non-farm productivity had fallen by 0.1 per cent in the second quarter. Although the decline has negative implications for the market, there was little reaction because the figure was widely anticipated. Also as expected, business inventories rose 0.1 per cent in June. More important for the market will be today's release of figures on industrial production and capacity utilisation.

South Africa set to name managers for DM offering

By John Daxdu

The South African government is set to name lead managers for the planned launch of a D-Mark denominated bond next month. The country's finance ministry said yesterday that a decision to issue a D-Mark bond had been "virtually taken" and that lead managers would probably be appointed by the end of this week. Commerzbank and Deutsche Morgan Grenfell are thought to be high on the list of candidates. The maturity and size of the issue have still to be decided but a five-year to seven-year deal of about DM500m is expected. The proceeds will be used to finance an existing DM400m facility which matures in October this year. The yield spread of South Africa's existing D-Mark bonds has recently widened from 130 to 260 basis points over German government bonds. Mr Jos Gerson, chief economist at brokers Smith Borkum Hare in Cape Town, attributed the deterioration to technical factors linked to the forthcoming issue. He said it did not reflect any political concern. The government, which is also keen to establish benchmark issues for its debt in the US domestic market, is said to be talking to US banks about the possibility of a Yankee issue of about \$250m. It is expected that this deal will also be launched later this year. As measured by J.P. Morgan's South African domestic bonds showed a negative return of 7.33 per cent in dollar terms in July, following a positive overall return of 7.35 per cent in June.

WORLD BOND PRICES

Table with columns: Country, Coupon, Price, Change, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Sweden, UK Gilts, US Treasury, EU (French Gov), and US (French Gov).

Table with columns: Country, Coupon, Price, Change, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Sweden, UK Gilts, US Treasury, EU (French Gov), and US (French Gov).

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US INTEREST RATES

Table with columns: Rate, Yield, Change. Includes Treasury Bills and Bond Yields.

UK GILTS PRICES

Table with columns: Maturity, Price, Change, Yield, Week ago, Month ago.

BOND FUTURES AND OPTIONS

Table with columns: Country, Coupon, Price, Change, Yield, Week ago, Month ago. Includes France, Germany, and UK Gilts.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Price, Change, Yield, Week ago, Month ago.

FT FIXED INTEREST INDICES

Table with columns: Index, Price, Change, Yield, Week ago, Month ago.

GILT EDGED ACTIVITY INDICES

Table with columns: Index, Price, Change, Yield, Week ago, Month ago.

INTERNATIONAL BOND SERVICE

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-name. Includes various international bond issues.

OTHER FIXED INTEREST

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-name. Includes various fixed interest instruments.

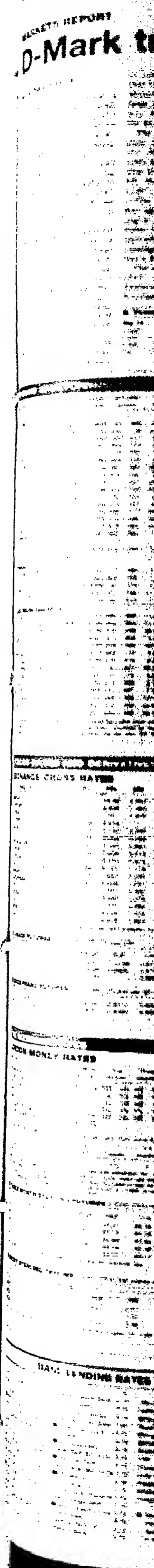
DEUTSCHE MARK STRAIGHTS

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-name. Includes Deutsche Mark straight issues.

CONVERTIBLE BONDS

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-name. Includes convertible bond issues.

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صكنا من الاجل

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark tumble brings franc relief

By Richard Adams

The D-Mark fell again in a range of currencies in trading yesterday, taking the pressure off the French franc...

In London, following news that German insurance giant Munich Reinsurance had been given the go-ahead to buy American Reinsurance for \$3.5bn...

The D-Mark fell by more than half a pfm against the dollar, which rose to DM1.4834 from DM1.4767...

The pound enjoyed a good day against the D-Mark, ending a pfm up at DM2.90 from DM2.89...

The franc's resurgence from its doldrums last week was mirrored by French 10 year bonds, which outperformed German bonds by three basis points yesterday...

Bundesbank meeting, encouraged the squaring of speculative and short-term positions, analysts said.

The South Korean won suffered a further steep decline against the dollar, as expected central bank intervention again did not take place.

Mr Issing said in an interview published yesterday that the D-Mark's recent rise "does not fit into the current economic landscape".

Mr Issing also said the mark's exchange rate was an "important element" in the Bundesbank's deliberations, although secondary to M3.



In London suggested "maybe it is a reflection of a genuine dilemma at the Bundesbank". Others thought only a "significant" drop in M3 would bring a cut in interest rates next week.

The franc's revival may have been aided by the comments yesterday of the French prime minister, Mr Alain Juppe. Mr Juppe interrupted his holiday to under-

line his government's commitment to reaching the 3 per cent budget deficit requirement of the Maastricht treaty for participation in monetary union.

owned bank Credit Lyonnais implicated Mr Jean-Claude Trichet, the head of the Bank of France.

Purchases of dollars by Germany's Munich Re, for its \$3.5bn takeover bid for US reinsurance firm American Re, was said to have helped the US currency against the D-Mark.

But some London analysts were not convinced. Mr Peter Stoeckmann, a senior foreign exchange analyst, said: "My feeling is that the German company has sufficient existing dollar income to cover the purchase."

The need for [it] to risk playing the foreign exchange market is unlikely.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Currency, Closing mid-point, Change on day, Bid/offer spread, High, Low, One month rate, Three months rate, One year rate, Bank of England index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Currency, Closing mid-point, Change on day, Bid/offer spread, High, Low, One month rate, Three months rate, One year rate, J.P. Morgan index.

OTHER CURRENCIES

Table listing exchange rates for various currencies like Swiss Franc, Australian Dollar, Canadian Dollar, etc.

CROSS RATES AND DERIVATIVES

Table showing exchange rates and derivatives for various currencies including D-Mark, Swiss Franc, and UK interest rates.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European currency unit rates for various countries like Netherlands, Belgium, Germany, etc.

UK INTEREST RATES

Table showing UK interest rates for London money rates and short sterling options.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions.

THREE MONTH EURO-DOLLAR

Table showing three month Euro-dollar rates for various banks.

US TREASURY BILL

Table showing US Treasury bill rates for various maturities.

THREE MONTH EURO-DOLLAR

Table showing three month Euro-dollar rates for various banks.

EURO-DOLLAR

Table showing Euro-dollar rates for various banks.

WORLD INTEREST RATES

Table showing money rates for various countries including Belgium, France, Germany, Italy, Netherlands, etc.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various countries like Belgium, France, Germany, etc.

THREE MONTH EURO-DOLLAR FUTURES

Table showing three month Euro-dollar futures prices and changes.

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BERKELEY FUTURES LIMITED advertisement.

Market-Eye advertisement.

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Great Nordic Holding Ltd advertisement.

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COMMODITIES AND AGRICULTURE

World platinum industry 'under siege'

By Kenneth Gooding, Mining Correspondent

The platinum industry was under siege, its future in the hands of Russia and that country's ability to sell big quantities of platinum and palladium from its stocks...

MARKET BALANCE ('000 troy ounces) Table with columns for Year (1996, 1995, 1994) and Demand (Automobile, Jewellery, Industrial, Investment). Rows include Supply (South Africa, Russia, Other, Recycling) and Demand (Automobile, Jewellery, Industrial, Investment).

In a generally downbeat presentation, he said the conditions for a recovery in producers' fortunes were likely to occur only in the medium to long term.

Mr McMahon said that, while the fundamentals of the platinum business remained strong, two conditions were necessary for recovery from its present depressed state.

The industry needed to re-evaluate its production and encourage the recent trend whereby makers of car anti-pollution catalysts were re-evaluating their 'headlong dash' into platinum.

The switch from platinum to palladium by the autocatalyst makers played into the hands of Russia, by far the highest palladium producer.

Impala is forecasting that Russian palladium sales to the west, which were 3.3m troy ounces in 1994, will reach 4.5m ounces this year...

Anglo American agrees to sell part of Zimbabwe nickel company stake

By Tony Hawkins in Harare

In a surprise move Anglo American Corporation has offered to sell a minority stake in its Zimbabwe nickel producer, Bindura Nickel Corporation.

Although Anglo executives had said earlier there could be no question of their parting with a core mining investment like Bindura, the South African mining house has agreed to do so on the understanding that it retains at least 50 per cent of the shares.

Anglo owns about 70 per cent of the shares in Bindura, the balance being held by private investors, including almost 10 per cent by foreign shareholders.

privately-owned businesses. Zimbabwe's public sector debt currently exceeds its GDP and the country has budgeted for an 8.5 per cent deficit in the fiscal year to June 1997.

The deal is seen as part of the Zimbabwe government's 'indigenisation' programme and is likely to be followed by others in the mining and other sectors.

Earlier this year President Robert Mugabe attacked Anglo Zimbabwe for its failure to appoint a black chief executive to replace retiring managing director, Mr Roy Lander.

A likely quid pro quo for the sale of BNC shares is a permit for Mr Bourn, to replace Mr Lander, but this was publicly rejected by industry minister, Mr Nnathan Shamuyarira last month.

The World Bureau of Metal Statistics has joined in the debate about the future of the London Metal Exchange following the Summit on Metals and Mining.

Ideally, full disclosure of the origin and destination of all the metal involved is required, says Mr Lloyd Davies, WBMS general manager.

LME urged to give more data

By Kenneth Gooding

The World Bureau of Metal Statistics has joined in the debate about the future of the London Metal Exchange following the Summit on Metals and Mining.

Ideally, full disclosure of the origin and destination of all the metal involved is required, says Mr Lloyd Davies, WBMS general manager.

FAO prepares for final push against rinderpest

The devastating cattle disease could soon go the way of smallpox, writes Michael Pickstock

Long before 'mad cow disease' reared its ugly head, Britain's cattle herds were ravaged by a far more devastating disease - more disastrous even than foot and mouth.

All this is at risk while rinderpest persists. In the 1880s, when the disease entered Africa, it swept from Somalia to the Cape killing 80 per cent of cattle and draught oxen and also buffalo and several other species of wildlife.

Veterinary science has deployed two major weapons against the disease with commendable success: a highly-effective live, heat-stable vaccine, which can survive days without refrigeration; and a system for rapid analysis of samples taken from animals to establish whether they carry immune antibodies as a result of successful vaccination.

Now faded from public and farming consciousness in western Europe, rinderpest (then called cattle plague) entered Britain in 1865 in a ship load of cattle from India.

The subsequent Pan African Rinderpest Campaign has eradicated the disease from west and central Africa and no outbreaks have been reported for eight years.

The FAO has worked with national governments and through regional bodies such as the Organisation of African Unity to establish procedures, train veterinary workers, promote people's participation, provide vaccine and assist with ELISA testing.

In Asia, India expects soon to clear its last pocket of infection from the far south of the country, while all the countries east of India are already free of the disease.

In Africa and Asia livestock are recognised as being an essential part of sustainable agriculture and as having a central role in helping to feed fast growing populations.

It has been shown that it is far less costly to eradicate rinderpest than to continue a policy of containment.

Referring to the need for all national governments where rinderpest persists to give final eradication efforts full commitment and priority, one vet from Africa recently observed: 'All that stands in the way of rinderpest going the way of human smallpox are politics and people'.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE Table with columns for Metal, Price, Change, High, Low, Vol. Rows include Aluminium, Copper, Lead, Zinc, Tin.

Precious Metals continued

GOLD COMEX Table with columns for Date, Price, Change, High, Low, Vol. Rows include Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

WHEAT LCE Table with columns for Date, Price, Change, High, Low, Vol. Rows include Wheat, Maize, Soyabean.

SOFTS

COCOA LCE Table with columns for Date, Price, Change, High, Low, Vol. Rows include Cocoa.

MEAT AND LIVESTOCK

LIVE CATTLE CME Table with columns for Date, Price, Change, High, Low, Vol. Rows include Live Cattle, Live Hogs, Pork Bellies.

ENERGY

CRUDE OIL NYMEX Table with columns for Date, Price, Change, High, Low, Vol. Rows include Crude Oil, Heating Oil, Natural Gas.

PRECIOUS METALS

LONDON BULLION MARKET Table with columns for Metal, Price, Change, High, Low, Vol. Rows include Gold, Silver, Platinum, Palladium.

FUTURES DATA

Table with columns for Date, Price, Change, High, Low, Vol. Rows include various futures contracts.

INDICES

Table with columns for Date, Price, Change, High, Low, Vol. Rows include various indices.

VOLUME DATA

Table with columns for Date, Price, Change, High, Low, Vol. Rows include various volume data.

JOTTER PAD

Table with columns for Date, Price, Change, High, Low, Vol. Rows include various market data.

LONDON TRADED OPTIONS

Table with columns for Date, Price, Change, High, Low, Vol. Rows include various options data.

LONDON SPOT MARKETS

Table with columns for Date, Price, Change, High, Low, Vol. Rows include various spot market data.

CROSSWORD

Crossword puzzle grid with clues.

Solution 9,146

Table with columns for Clue, Answer. Rows include crossword puzzle solutions.

Advertisement for 'OFFSHORE AND OVERSEAS' featuring a large image of a person and text.

Handwritten text in Arabic script: 'صوتك من الامم'

FT MANAGED FUNDS SERVICE

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under the Bermuda (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

BERMUDA (REGULATED)

Table listing various offshore funds under the Bermuda (REGULATED) category, including fund names, managers, and performance metrics.

GUERNSEY (SIB RECOGNISED)

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GUERNSEY (REGULATED)

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Table listing various offshore funds under the Jersey (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

ISLE OF MAN (SIB RECOGNISED)

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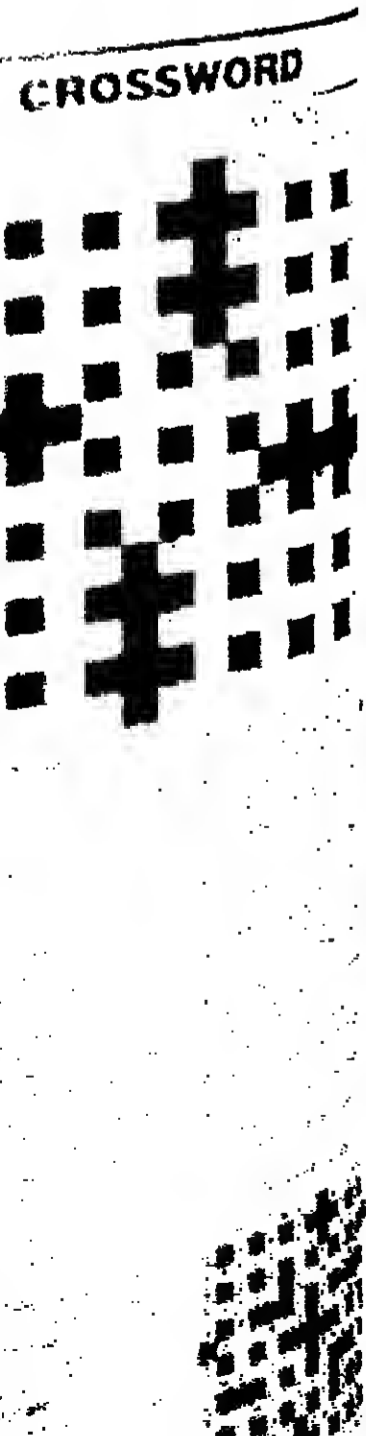
Table listing various offshore funds under the Ireland (REGULATED) category, including fund names, managers, and performance metrics.

IRELAND (SIB RECOGNISED)

Table listing various offshore funds under the Ireland (SIB RECOGNISED) category, including fund names, managers, and performance metrics.

Advertisement for Novotel hotels: 'SAVE YOUR POCKET MONEY. (CHILDREN GO FREE at NOVOTEL). Lots of hotels claim they welcome children. But at Novotel, kids under 16 really do stay free and enjoy a free breakfast when they share a room with two adults.'

...for final... rinderpes... Michael Pickers...



Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4376 for more details.

FT MANAGED FUNDS SERVICE

Main table containing fund names, prices, and performance data. Includes sub-sections like 'LUXEMBOURG (SIB RECOGNISED)', 'OFFSHORE INSURANCES', and 'OFFSHORE'.

Handwritten Arabic text at the bottom center of the page.

Vertical text on the right edge of the page, possibly a page number or reference.

سوقنا من الامل

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cytive Unit Trust Prices are available over the telephone. Call the FT Cytive Help Desk on (444 177) 673 4378 for more details.

Main table containing various fund names, their performance metrics (price, change, etc.), and categories like Global, UK, and Offshore.



GUCCI TIMEPIECES ARE AVAILABLE FROM GUCCI BOND STREET, W.1, GUCCI SLOANE STREET, S.W.1, HARRIS AND SELFRIDGE ALSO AT SELECTED JONES, LESLIE DAVIS, GOLDSMITHS, WALKER AND HALL, WHITES OF SWITZERLAND, HAFNIN & WEISS, SEAWATCHES AND OTHER FINE JEWELLERS.

OTHER OFFSHORE FUNDS

Table listing various offshore funds and their details.

MANAGED FUNDS NOTES: Information regarding fund management, risks, and other details.

صحة من الامل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts with columns for Name, Price, and % Chg.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Chg.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Chg.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Chg.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Chg.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for Name, Price, and % Chg.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Chg.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Chg.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Chg.

PROPERTY

Table listing property companies with columns for Name, Price, and % Chg.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Chg.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Chg.

WATER

Table listing water companies with columns for Name, Price, and % Chg.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Chg.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Chg.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, and % Chg.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Chg.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Chg.

Advertisement for Rockwell trucks and trailers, featuring the text 'Rockwell components for heavy and medium duty trucks and trailers keep businesses on the road to exceptional performance.' and the Rockwell logo.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Bond, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE 100 Index.

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LONDON STOCK EXCHANGE

MARKET REPORT

London inches nearer to new closing peak

By Philip Cogan, Markets Editor

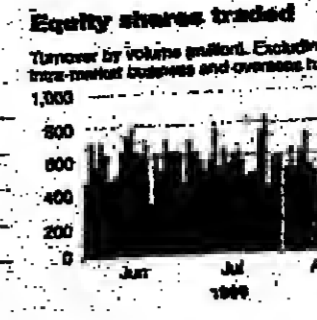
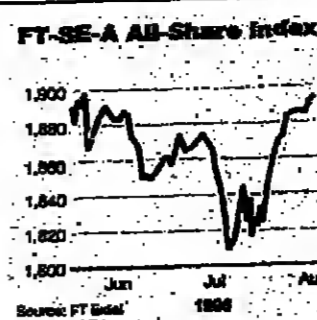
The London stock market once again demonstrated its recent resilience by shaking off an early decline to edge a step nearer its all-time closing high.

The day's economic data were not designed to help the equity market. The July unemployment numbers showed a bigger-than-expected drop of 24,000, albeit on a seasonally adjusted basis...

Interest rate optimism got more firmly behind the market as the minutes of the July 3 monetary meeting showed that Mr Eddie George, the governor of the Bank of England, is strongly opposed to another reduction.

There was a modest sprinkling of corporate news yesterday. BICC's overall loss obscured a rebound in its cables unit - and the shares staged a modest rally...

The vague whisper yesterday was that rival brewer Bass, up 1 1/4 to 82 1/2p, was about to acquire a bid.



Indices and ratios table showing FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, and FT-SE-A All-Share yield.

Equity shares traded table listing FT Ordinary Index, FT-SE-A Non-Fin p/a, FT-SE 100 Fut Sep, 10 yr Gilt yield, and Long Gilt/Equity yield ratio.

Best performing sectors table listing Banks: Merchant, Extractive Industries, Pharmaceuticals, Building Mats & Merch, and Gas Distribution.

Worst performing sectors table listing Tobacco, Electricity, Banks: Retail, Retailers: Food, and Investment Trusts.

Hanson toughs it out

By Peter John, Jeffrey Brown and John DiIudic

Leading conglomerate Hanson, one of this year's worst performing Footsie stocks, was wearing a brave face ahead of today's third quarter results.

the top of the Footsie inspired by what one analyst described as "summer mischief". The non-voting shares rose 40 to 104 1/4p and the ordinary shares to 134 1/4p on a return of long running takeover speculation.

Both RMC and Redland got more than 40 per cent of turnover from Germany. The former added 8 to 104 1/4p while Redland bounced to the top end of the Footsie performance charts, rising 7 to 430p.

Chemicals remained out of favour, with HSBG James Capel reminding investors of its negative stance on ICI and British Vita. ICI was down 3 to 78 1/2p.

The results gush slowed to a trickle yesterday with the Footsie under pressure. Where there were numbers to be crunched, they mostly supplied mixed news.

FINANCIAL TIMES EQUITY INDICES

Table showing FT-SE AIM, FT-SE 100, FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, and FT-SE-A All-Share yield.

Major Stocks Yesterday

Table listing various major stocks such as BP, British Airways, BHP, and their daily closing prices and changes.

FUTURES AND OPTIONS

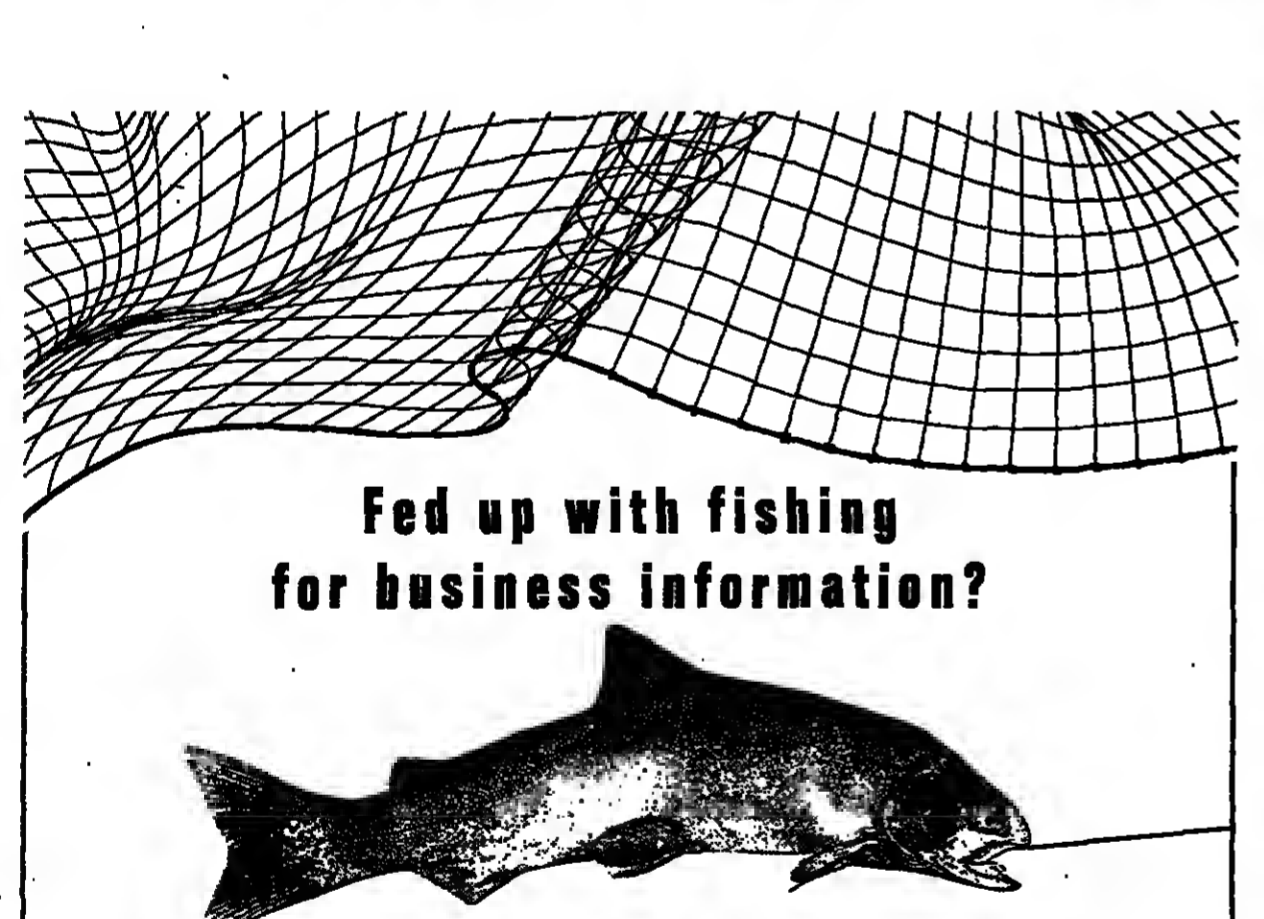
Table showing FT-SE 100 Index Futures (LFPE) and FT-SE 100 Index Options (LFPE) with various contract specifications.

LONDON RECENT ISSUES

Table listing recent company issues including BHP, British Airways, and others, with details on price and quantity.

FT GOLD MINES INDEX

Table showing FT Gold Mines Index with regional breakdowns and company-specific data.



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FT-SE Actuaries Share Indices

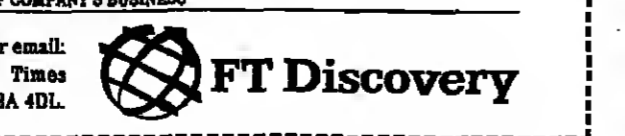
Summary table of FT-SE Actuaries Share Indices showing performance metrics.

Large table listing various FT-SE Actuaries industry baskets such as Mineral Extractions, Gen Industrial, Building & Construction, etc., with their respective performance data.

The UK Series

Summary table of The UK Series showing performance metrics.

Large table listing various FT-SE Actuaries industry baskets such as Non-Financials, Financials, Investment Trusts, etc., with their respective performance data.



Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

Table of stock market data for Europe, including indices like EURO STOXX 50 and various regional indices.

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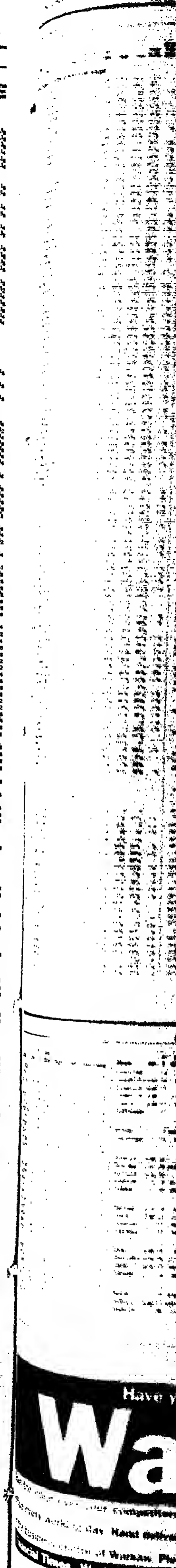
Footnote and disclaimer text at the bottom of the page.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sections for 'NEW YORK STOCK EXCHANGE PRICES', 'NASDAQ LISTED STOCKS', and 'NASDAQ LISTED STOCKS'.

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4 pm close August 14

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', '-V-', '-T-', '-W-', '-U-', and '-X-Y-Z-'.

NASDAQ NATIONAL MARKET

4 pm close August 14

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for '-R-', '-S-', '-M-', '-F-', '-E-', '-G-', '-N-', '-T-', '-O-', '-P-', '-Q-', '-J-', '-D-', and '-K-'.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume.

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AMERICA Dell Computer lifts technology sector

Wall Street

US shares were mostly flat to modestly lower in mid-session, in spite of optimism in some parts of the technology sector, writes Lisa Bransford in New York.

\$31%, Compaq computer 1% at \$58.4 and IBM 1% at \$110.4. Some high-flying Internet companies, however, lost ground. Cybercash slipped 2% to \$31.4 and Netscape Communications lost \$1 at \$38.

Several retailers gained ground after Tuesday's stronger-than-expected report of retail sales in July. Sears, Roebuck rose 1/4% to \$45, Wal-Mart was 3/4% stronger at \$26.7 and Toys 'R Us climbed 1/4% at \$25.4.

Canada

Toronto saw Comex gold down \$1.40 to \$381.80 at midday; the sector index headed briskly south, with a fall of 1.7 per cent in mid-session;

Pressure on the rand and a heavy fall in De Beers contributed to an uncertain trading environment in Johannesburg. The currency slid to a three and a half month low against the dollar as hopes for a rise in interest rates receded. The overall index fell 70.4 to 6,621.4, industrials shd 66.4 to 7,865.7 and the gold index declined 20.7 to 1,782.4.

EUROPE Dollar helps stabilise quiet bourses

A stronger dollar offset Tuesday's Wall Street losses but FRANKFURT stayed quiet, toying with a number of situations as the Dax index eased 1.04 to an 1815.10 in turnover.

At Merrill Lynch, Mr Steve Reitman liked the long term prospects of BMW, and the carmaker recovered DM9 to DM845 after Tuesday's DM5 fall on more bearish comments from Mr John Lawson.

In chemicals, Hoechst reported higher than expected profits, and forecast a 30 per cent pre-tax gain for the whole of this year; a fall in the shares, 31 pgs to DM51.10, was put down to profit-taking.

Pressure on the rand and a heavy fall in De Beers contributed to an uncertain trading environment in Johannesburg. The currency slid to a three and a half month low against the dollar as hopes for a rise in interest rates receded.

and Ciba which rose by SFR23 to SFR1,414, and SFR26 to SFR1,487 respectively, as the SMI index advanced 20.5 to 3,650.7.

Headline financials were relatively mixed. Swiss Re, which had been seen as a possible buyer for American Re, rose SFR18 to SFR1,268 after the Munich Re deal merged; but SBC fell SFR2.75 even after a 35 per cent jump in half year net profits.

The expansion news was greeted enthusiastically by many brokers. Robeco upgraded its recommendation from "neutral" to "buy", with eps of F1.55 in 1996 rising to F1.67 in 1997.

ZURICH was lifted by the dollar, and the implied improvement in prospects for exporters like Sandoz

FT-SE Actuarial Share Indices

Table with columns: Hourly changes, Open, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE Europe 100, FT-SE Europe 200, FT-SE Europe 300, FT-SE Europe 400, FT-SE Europe 500.

supermarket chains, whereas in Thailand that figure was 15 per cent.

Elsewhere activity was subdued, with ABN Amro, which puts out first half results today, off 50 cents at F1.96.30.

The CAO-40 index eased 1.05 to 1,979.265, with turnover less than FF2bn.

Sales figures came from Lyonnaise des Eaux, down FF4 or 1 per cent to FF452.4 after reporting a slight increase on the 1995 period, while Setta, the tobacco company which was in the news earlier this week, went in the other direction, up FF5 or 2.3 per cent to FF219 on good first half sales.

upmarket audio, video and television manufacturer; B & O undershot its growth targets for 1995-96 with an 8 per cent rise in profits, but stayed optimistic for the current year; the shares rose DKr5 to DKr200.

HELSINKI underperformed as Nokia A wobbled downwards again. FM3.30 lower at FM175.60, and forestry stocks fell 1.4 per cent on profit-taking and worries over higher pulp inventories.

The car safety equipment manufacturer, Autoliv, was the star of the day, rising SKr7 to SKr208; its half year profits were slightly higher than expected, but the company also said that it expected to increase its share of the world's car safety market to nearly 90 per cent by the year 2000, against the current 12 to 13 per cent.

COPENHAGEN closed at a new all-time high, the KFX rising 0.26 to 118.61 after the drugs and biotechnology group, Novo Nordisk, produced better than expected first half results.

Novo rose DKr24 to DKr72. Also in focus was Beng & Olufsen, the

STOCKHOLM recovered from initial losses after Wall Street came in higher, and the Allshare index closed 0.2 higher at 1,975.8 in light turnover of SKr2bn.

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Written and edited by William Cochrane and John Pitt

Buenos Aires regains calm

There was a calmer trading environment in BUENOS AIRES as investors reflected on Tuesday's 5 per cent decline. The Merval index was up 0.03 at 500.43 by mid-session.

called for a number of austerity measures, was probably overdue. Analysts yesterday criticised the government for an absence of public sector spending cuts, although there was speculation that such measures were being considered.

ASIA PACIFIC NTT shares lead as Nikkei rises again

current profits were likely to plunge by 70 per cent from a year earlier to Y19bn, and blamed slow sales of the 64-bit game machines launched in June.

Nintendo's shares were ask-only yesterday morning, last quoted Y400 or 5.3 per cent lower at Y7,240. A Nintendo spokesman later described the report as "groundless".

Tokyo

Much of the region was depressed by Tuesday night's 1 per cent point fall in the Dow, but the Nikkei average came back from early lows to close at its high for the second day in succession, writes Our Markets Staff.

Roundup

The withdrawal of a coalition party from the Thai government threw its survival

SHENZHEN

remained volatile as rumours persisted that the regulatory authorities in Beijing planned to ban mainland Chinese investors from buying B shares.

FINANCIALS

Financials gained almost 2 per cent as a sector, with Chang Hwa Bank rising T\$5 or 3.2 per cent to T\$162.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES. Table with columns: Market, No. of stocks, August 9th 1996, August 8th 1996, % Change, % Change over week on Dec '95, Local currency terms, August 9th 1996, % Change, % Change over week on Dec '95.

The Indonesian government said yesterday that it would allow companies to revalue their assets in an effort to boost the stock market. The measure is seen as an attempt to encourage more companies to seek a listing.

FT/S&P ACTUARIAL WORLD INDICES. Table with columns: REGIONAL MARKETS, US, Day's Point, % Change, Monday August 12 1996, Tuesday August 13 1996, % Change, % Change over week on Dec '95.

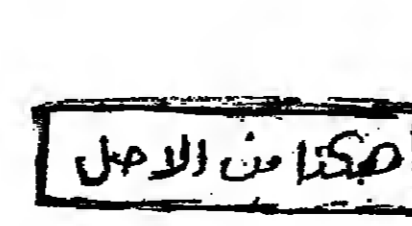
into question and BANGKOK slid 2 per cent. The SET index shed 22.26 at 1,098.04 in BTH.1bn turnover. The Palang Dharma party announced it was leaving the seven-party coalition after a row over the approval of new banking licenses.



STRATEGIC DEVELOPMENTS IN THE FOOD AND DRINK INDUSTRY. Special Conference Monday 23 September 1996. The Merchant Centre, London, EC4. Speakers include: Andrew Dare, Milk Marque; Guy Dickson, Scottish Courage; James Espey, Seagram Distillers; Jim Grover, Grand Metropolitan; Mark Lynch, SBC Warburg; Roger Pilgrim, Charterhouse Development Capital; John Spicer, SBC Warburg; John Wood-Dow, Hillside Holdings and Peter York on The Challenge of Advertising.

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صكيات الامل

Suharto opponent may face arrest

By Manuela Saragosa in Jakarta

Indonesia's embattled opposition figurehead, Ms Megawati Sukarnoputri, yesterday said she "cannot rule out" the possibility of her arrest, a move which could spark further political unrest.

"It could happen," Ms Megawati said yesterday in an interview with the Financial Times. The ousted leader of the opposition Indonesian Democratic Party (PDI), replaced by a government-backed candidate earlier this year, is due to turn up for a second session of police questioning in Jakarta today.

Separately, President Suharto, in a rare interview published in the Japanese newspaper Nihon Keisei Shinbun yesterday, said the case of Ms Megawati's arrest "will be decided by the law after the questioning."

Tomorrow, President Suharto will deliver his annual state of the nation speech, which is likely to provide some indication of how he plans to deal with the political unrest. The president will speak to Indonesia's parliament - on the eve of the country's 51st anniversary of independence - in an address which will be broadcast live by state television.

The president told the Japanese newspaper he had yet to decide whether to run for president in the next elections in 1998, but added: "There is a need to prepare the next leader." Earlier this week the president promoted his son-in-law within the military in a move seen as grooming him to succeed the ageing Indonesian leader, who is aged 75.

Ms Megawati said she felt "calm" about the prospect of arrest. "I am very clear about my life, my nation and my respect for the Indonesian people," she said. She was questioned for more than six hours last week at Jakarta police headquarters about rioting and looting which rocked the capital on July 27. Riots started after police forcibly evicted Ms Megawati's supporters from the PDI's headquarters in Jakarta.

However, Ms Megawati said there were other causes beyond her removal from the PDI leadership behind last month's riots. "There are many problems in Indonesia in this period which cannot be properly resolved. Especially big problems such as corruption, collusion, unemployment (among other things)."

In the aftermath of the riots, the authorities cracked down on critics of the government and many people were arrested.

Australia names central banker

By Nikid Teit in Sydney

Mr Ian Macfarlane has been named next governor of Australia's Reserve Bank, the central monetary authority, in an announcement which brings to an end months of speculation.

Mr Macfarlane, who is one of two deputy governors and has been with the bank since the late-1970s, was the heavily-favoured candidate. He will take over from Mr Bernie Fraser next month. Mr Fraser was appointed under a former Labor government and has already indicated he will not seek reappointment when his seven-year term ends on September 17.

In a second announcement, Mr Peter Costello, federal treasurer, said Mr Hugh Morgan, the influential but sometimes controversial head of WMC, the large mining group, would fill the Reserve Bank board vacancy left by the resignation of Mr Bill Kelly, a union leader. Mr Morgan had served on the RBA board between 1981 and 1984.

The choice of Mr Macfarlane is likely to be welcomed by the financial community. He is generally perceived as more "hawkish" on inflation than his predecessor, although the two have always appeared to have a harmonious relationship, and Mr Macfarlane has kept a low public profile until recently.

A hint of his views came in an address to a Metal Trades Industry Association conference earlier this year, when he noted that monetary policy in Australia was "increasingly focused on the need to maintain low inflation."

"I want to remind you that we now live, work and aim to sell our output in a world characterised by low inflation and relatively low pricing power by business and labour. People who fail to recognise this, and who slip back into the habits of thought of the 1970s and 1980s, will pay a heavy price, and, by extension, will hit the whole community," he said.

Mr Costello accompanied news of Mr Macfarlane's appointment with a statement on "the conduct of monetary policy" in Australia, and an exchange of letters setting out the government's and the governor-designate's endorsement of this.

The statement reiterates the bank's existing objective of "keeping underlying inflation between 2 and 3 per cent, on average, over the cycle."

Australia's federal government is to extend by two years the deadline imposed on foreign banks for converting their Australian subsidiaries into local branches. The new deadline will be December 22, 1998, with the transfer of assets and liabilities by late 2000.

China snubs Murdoch's TV 'dreams'

By Tony Walker in Beijing

China has again poured cold water on the ambitions of Mr Rupert Murdoch to secure access to the fast-growing China cable television market for his loss-making Hong Kong-based Star TV network.

Mr Li Kehan, a deputy director of the Ministry of Radio Film and Television, said recent claims by Mr Murdoch that he was on the verge of securing access to China were incorrect and premature.

In unusually forthright comments, Mr Li, who is responsible for overseeing the development of the cable industry, said: "A large proportion of what Mr Murdoch says is groundless."

"Mr Murdoch has a lot of beautiful dreams, but at this stage I don't think it will be possible in China for him to realise them," Mr Li said of proposals that China Central Television (CCTV) re-transmit Star TV on cable networks throughout the country.

Star TV recently formed a separate Chinese Mandarin language service, known as Phoenix, in partnership with two Hong Kong-based companies, to improve penetration of the China market, but earlier claims of a mainland partner evaporated.

The Murdoch organisation had indicated that either CCTV or the Ministry of Radio Film and Television might join a consortium to provide cable services in China. Under the proposal the mainland partner would collect subscriptions on behalf of Star, thus facilitating a lucrative revenue stream.

Beijing is most wary of foreign involvement in its media, and has banned direct access to international broadcasts except in three-star hotels and above, which are used predominantly by foreigners.

Star TV, which cost Mr Murdoch \$500m in 1993, is expected to lose between \$30m-\$100m this year. The network may end up requiring investment of \$1bn before it turns a profit, according to industry estimates.

The latest sharp criticism of Mr Murdoch's China ambitions is certain to be disappointing for Star TV executives, who have been under considerable pressure to secure direct access to the mainland's exploding cable networks.

Mr Li of the Ministry of Radio, Film and Television also cast doubt on claims by Star that it is reaching 30m households in China by way of satellite and cable broadcasts. This was a "sheer one-sided view" and "not possible", he said.

He noted there were some 75,000 "legal" satellite dishes in China, and perhaps no more than 1,000 illegal dishes, known colloquially as "woks". China has banned private satellite dishes to contain the spread of foreign broadcasts.

While Mr Li is almost certainly underestimating the spread of illegal dishes, Star TV's claims appear to be on the high side. China has some 45m cable subscribers.

Japan's Liberal Democrats return to pre-eminence

In the smothering heat of an August morning seven elderly men in formal suits will today enact a symbolic ritual by filing solemnly into the inner sanctum of the Yasukuni shrine in central Tokyo.

The seven, all cabinet members, will be honouring the memory of the Japanese war dead on the fifty-first anniversary of the country's surrender at the end of the second world war. The symbolism of Shinto ritual will be rich historically and politically. The event marks nothing less than the full return to national ascendancy of the Liberal Democratic Party.

For the last few years, the ceremony has been a deliberately low-key affair, reflecting the controversial nature of the shrine in Japanese political life. Among the souls enshrined at Yasukuni are those of the Class A war criminals tried and hanged by the Allies at the end of the war. Since the LDP fell from national grace a few years ago, their politicians have been wary of making too much of a public display of their devotion.

But not this year. They took their cue from the prime minister, Mr Ryutaro Hashimoto, who two weeks ago became the first head of government to visit the shrine since the glory days of LDP ascendancy 11 years ago. It was a sure sign of the return to pre-eminence of the party that neither the Social Democrats, nor the New Harbingers party, the other coalition members, felt able to criticise the visit.

Now Mr Hashimoto and his colleagues are entering the last stage of the consolidation of the LDP's recovery. In the next few months, he must make the most crucial decision of his prime ministership - when to call an election. If he gets it right, he has every prospect of cementing the party's long-term political ascendancy.



Ryutaro Hashimoto: doubts about an early election

It has been a remarkably even-paced march back to restoration for the LDP. Ousted in 1993 after nearly 40 years in power, the party was forced to cool its heels in opposition for a year. By the summer of 1994, it was back in government, in a coalition with its two unlikely new allies, under a socialist prime minister.

Then in January this year, it recovered the prime ministership when Mr Hashimoto was elected by members of parliament, though still thanks partly to the votes of fellow coalition members.

A general election for the main, lower house of the Japanese parliament has to be held some time between now and next June. A new electoral system - part single-member seat, part multi-member, clouds accurate prognostications about the outcome, but LDP leaders clearly believe they can secure a clear majority.

With an approval rating now above 40 per cent, the party can look forward to the election with real hope.

Consequently, leading figures are pressing for an election soon, perhaps as early as October. They say delay would bring risks.

This autumn the government faces another difficult series of legislative battles. The main business of the special session of parliament, scheduled to open in September, will be the continuing controversy over the renewal of land leases for the US forces on Okinawa. The SDP has threatened to oppose some of the proposed bills, an early election would scupper that.

The attraction of exploiting the current disarray in the main opposition New Frontier party will also prove hard to resist. Deeply riven by personal and policy differences the party is in no condition to fight an early general election.

But Mr Hashimoto himself is not so sure. He is said to favour delaying an election until the new year for two main tactical reasons. The benefits of the gradually recovering economy

Prime Minister Ryutaro Hashimoto yesterday issued Japan's first written apology to women forced into sex slavery by the Japanese army during the second world war, Reuter reports from Tokyo.

have not yet seeped through to ordinary voters. In the autumn, the Bank of Japan is likely to raise interest rates and, in Japan, that is, paradoxically, popular - as the country's famously plentiful savers benefit from higher deposit rates.

In addition, there is a series of autumn international photo opportunities that will enhance Mr Hashimoto's status. These include the annual Asia-Pacific Economic Co-operation forum meeting and a possible visit to the US.

But, most important, the prime minister may have given the real game away last week. He suggested an election should not be held until after the passage of the planned supplementary budget, probably in December.

This may be the clinching consideration for the LDP. That budget is expected to provide for hefty new spending on construction projects. The big builders are almost all big financial supporters of the LDP, which can be expected to repay the government's generosity in full with party contributions.

The LDP is strapped for cash, since the new electoral system is proving as costly as the old one in terms of buying up support in the party's heartlands. Mr Hashimoto knows too well it would be churlish to enter a campaign without a full war chest. Given the stakes - nothing less than a chance to restore the LDP to its historic position of dominance in the country's politics, Mr Hashimoto is unlikely to get his timing wrong.

Gerard Baker

China in talks on oil with Iraq

China, faced with an ever-growing energy demand, is holding discussions with Iraq to co-operate in seismic studies and exploration in Iraqi oilfields, China oil officials said yesterday.

"We are discussing with Iraq to co-operate in oil seismic studies and exploration," a source from the state-run oil industry said by phone from Beijing. "We are discussing possibilities in one Iraqi oilfield... but we have not signed any agreement," he added. He declined to say when a deal could be clinched or name the oilfield.

Iraq, under strict UN sanctions since its 1990 invasion of Kuwait, was formally given permission last week to sell some worth of oil every six months, on a renewable basis, to buy food and medicine for the Iraqi people. Iraq has the world's second biggest oil reserves after Saudi Arabia. Its proven reserves are more than 112bn barrels (1 per cent of world total).

Reuters, Hong Kong

Manila rejects call to devalue

The Philippine central bank yesterday rejected calls by a senior cabinet minister for the monetary authorities to engineer a depreciation of the Philippine peso to boost the country's export earnings.

In signs of growing tension between the central bank and a vocal exporters' lobby, the central bank denied the peso was overvalued against the US dollar, reiterating its commitment to a market-determined rate.

The peso has depreciated about 5 per cent over the past 12 months. The central bank, which has intervened heavily to prevent the currency from appreciating over the past six months, boosting foreign exchange reserves to over \$1bn (under \$7bn at the start of the year), said it would stick to its "successful" strategy. The bank's stated policy is to intervene to curb excessive fluctuations in the peso/dollar rate.

Edward Luce, Manila

Karachi gunmen kill 11

At least 11 people were killed and another three injured yesterday when unknown gunmen opened fire at a rally organised by a Sunni Moslem group in Karachi.

The rally was organised by the Anjuman Sipah-e-Sahaba Pakistan (ASSP) to mark independence day celebrations.

The ASSP is known as one of Pakistan's most militant religious organisations. It has campaigned for years for a government ban on the religious activities of the country's Shia Moslem minority. The killings immediately triggered fears of an escalation in violence between rival Moslem groups. Tempers have been running high in parts of Pakistan recently, since the killing of four prominent Shias, who included a senior bureaucrat. Farhan Bokhari, Islamabad



Auctioneers call for bidders during yesterday's government land auction at Hong Kong Cultural Centre

Land sale prices lift spirits in Hong Kong

By John Riddling in Hong Kong

In land-scarce Hong Kong, where swings in property prices underpin the economic mood, yesterday's land auction provided a welcome surprise.

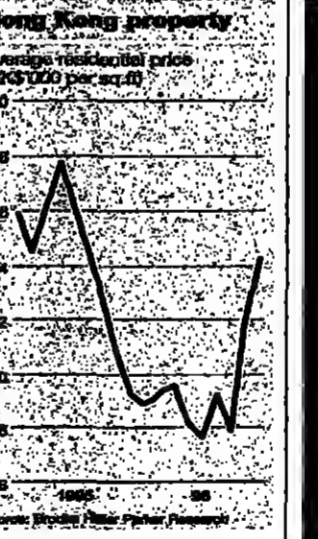
The sale revealed a gathering momentum in the residential sector as bidding between some of the territory's biggest property groups pushed prices beyond expectations. The main site on offer, sold for HK\$380m (\$58m), compared with the HK\$400m-HK\$500m range predicted by many analysts.

Residential property prices have increased by about 15 per cent this year following the protracted slump of 1995. "The sale shows improved confidence in the sector," said Mr Euan Weir, property analyst at Merrill Lynch in Hong Kong. "It was

a good price and a good buyer," he added, referring to Henderson Land, the successful bidder and one of the territory's blue-chip property companies.

For Mr David Faulkner, partner at Brooke Hillier Parkes, the price suggested the big property companies were viewing market prospects optimistically. "The market is coming back strongly, although it is not as strong as the early 1990s," he said.

But several analysts urged caution. The main site to be sold was relatively small, at 21,200 square metres; recovery in other sectors of the market, notably office property, has been slower. The main site, situated in the New Territories on the Chinese mainland, will be used for town-house development. A smaller plot was also sold, achieving HK\$17m for a 276 square metre site on the Hong Kong coast.



Shares in Hong Kong were lifted by the auction: the Hang Seng index climbed from a low of 11,086 to close at 11,187. The property sector is one of the main indicators of economic confidence in the territory, which returns to Chinese sovereignty next July.

Mr Daryl Ho, economist at Jardine Fleming, said the property market revival was likely to feed through into the sluggish retail sector in the second half. Weak consumer spending has been one of the main reasons for the lacklustre performance in the colony's economy, which expanded 3.1 per cent in the first quarter.

The government is forecasting a 5 per cent rise in gross domestic product this year. Many economists predict gathering momentum through the second half of the year, but believe this target is ambitious.

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LEGAL NOTICES. IN THE MATTER OF THE COMPANIES ACT 1967. NOTICE IS HEREBY GIVEN pursuant to sub-section 124 of the Companies Act 1967 that a meeting of the creditors of the above-named company will be held on 23rd August 1996 at 11.00 am at the Court House, 10th Floor, 100 Queen's Road Central, Hong Kong.

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INDUSTRY

SBC

NEWS: UK

MPs highlight importance of intergovernmental conference

'Isolated' EU position forecast

By Robert Peston, Political Editor
The government's increasing isolation from other European countries over the future of the European Union was highlighted yesterday by the foreign affairs committee of the House of Commons.

number of major issues," the committee concluded in a report on the intergovernmental conference (IGC). It drew attention to evidence given by Sir Stephen Wall, the UK's ambassador to the EU, that many European countries "worry about whether we [the UK] remain committed to making a success of our membership of the European Union".

Euro-sceptic in his views. The government's view that the conference was the equivalent of a "5,000 mile [car] service" for the EU's institutions underestimated "the expectations of other member states".

government's position remains that while exchange rate stability is desirable, the way to achieve it is through the common pursuit of sound fiscal and monetary policies." Meanwhile Mr Peter Shore, the arch-Euro-sceptic former minister in the opposition Labour party also on the committee, said there was "very little evidence" the UK was "winning the argument" on the priorities for the IGC.

cially in the areas of justice, home affairs and foreign policy. It feared, however, that there would be a "concerted attempt at the IGC" for justice and home affairs to be transferred into the main decision-making apparatus of the EU.

Publisher in royalty row with composers

By Alice Rawsthorn, in London

Thorn EMI is threatened with legal action from UK songwriters claiming they are owed substantial sums in unpaid earnings from other countries. The threat comes on the eve of tomorrow's extraordinary general meeting at which Thorn EMI shareholders will vote on proposals to demerge the Thorn rental chain from the EMI music group.

Jobless fall gathers pace

The fall in Britain's unemployment total gathered pace last month. With average earnings also rising unexpectedly quickly in the year to June, this appears to limit the scope for another cut in interest rates. The number of people without work and claiming benefits fell by a seasonally adjusted 24,100 last month, the Office for National Statistics said yesterday. This reduced the total to 2,126,200, its lowest level since early 1991.

Opposition plans to woo business

Mr Tony Blair, leader of the opposition Labour party, will next month make his most determined pitch yet to win over the business community by making five pledges to underpin the economic policy of a Labour government. The five "early" pledges to business provide a broad yardstick by which a first Blair administration could be judged. They are:

Browser competition rises

Internet service providers should co-operate in developing services which use features such as the Platform for Internet Content Selection, (PICS), Mr Ian Taylor, minister for science, said yesterday at the launch of Microsoft's new Internet Explorer Web browser software. PICS, which is based on content labelling similar to the film-rating system, allows parents, teachers and others to screen out undesirable material. "PICS leads the market and Microsoft's action in implementing it shows the way for others to follow," said Mr Taylor.

Kellogg challenges Tesco design

Kellogg is demanding Tesco changes the design of its own-label cornflake packets, alleging that the UK's leading supermarket chain plagiarised the design from Kellogg's well-known packaging. The conflict is the highest profile image fight between a brand owner and an own-label retailer since Coca-Cola forced J. Sainsbury to change the design of the supermarket chain's own cola cans and bottles two years ago.

Small abattoirs challenge BSE slaughter payment

larger, more powerful plants. "It's highway robbery," said Mr Sammy Morphet, who has formed a group of 70 abattoirs that feel they have been unjustly treated by the Ministry of Agriculture. Members of Mr Morphet's group believe they could kill the cattle for £30 to £35 per head. They point out that in addition abattoirs can keep the profit on selling the animal's hide which is around £30.

Exam success prompts row on standards

A, up from 15.6 to 16 per cent. Entries for science subjects fell, while less traditional subjects such as film studies and psychology saw a sharp increase in students. The proportion of 18-year-olds attempting the exams fell. The total entry increased by 1.2 per cent, while the total age group grew by almost 3 per cent.

Sciences suffer as A-level candidates appear to switch to less rigorous subjects

The Confederation of British Industry was more positive, greeting the results as evidence that "the reforms of recent years, such as the introduction of the national curriculum, are paying off". This year's figures show an encouraging jump in the numbers attempting mathematics, up 8.4 per cent to 67,442, but science subjects suffered further falls - physics down 5.7 per cent, chemistry down 4.3 per cent.

Principles of Lloyd's rescue plan challenged

By John Mason, Law Courts Correspondent

The proposed restructuring of Lloyd's of London breaches the fundamental principle behind the insurance market - that Names should be responsible for their own losses, the High Court was told yesterday. In a judicial review challenging the legality of the "reconstruction and renewal" proposals put forward by the Council of Lloyd's, Names claimed the plans were unlawful because they meant some Names - individuals whose assets have traditionally supported the market - would be subsidising losses incurred by others.

saying the reconstruction proposals could be wrecked if it succeeded. The lawyer opening for the Names, Mr Richard Gordon, said the proposed system of compulsory premiums infringed the principle of several liability that underlined the market. Mr Gordon said the proposed system of "debt credits" also discriminated against those Names who had paid their debts.



Rally: Striking postal workers in London yesterday showed solidarity against Royal Mail

Strikes hit six-year high

By Robert Taylor, Employment Editor

June was the worst month for industrial conflict in the UK for more than six years according to figures published yesterday by the Office for National Statistics. Provisional estimates indicate 228,000 working days were lost during the month because of labour disputes - the highest figure since March 1990, when 236,000 working days were lost as a result of strikes.

The rise in industrial conflict could mark the beginning of a rising trend in labour militancy that some observers in industry believe could lead to widespread strike action during the coming winter. During the twelve months to this June, 592,000 working days were lost as a result of strikes in 233 stoppages involving 285,000 workers.

terms and conditions of employment. The marathon dispute still going on at Liverpool docks that began last September has never been recorded in the official figures because the workers concerned were dismissed by their employer. Those disputes that involve fewer than 10 workers or lasting less than one day are excluded from the government's figures except where the aggregate of working days lost exceeds 100.

Queen to oppose millionaires in court

By Philip Jeune in Jersey

The multi-millionaire Barclay brothers are to be opposed by the Queen in a Channel Islands court action in which the brothers are seeking to free the tiny island of Brechou from its ancient feudal links to nearby Sark.

gnor of Sark, Mr Michael Beaumont. Sir Graham accepted claims by lawyers for the Crown that the Queen has a strong interest in the action and that her rights might be affected if the Barclays won their case.

The twins, said to be worth £650m (\$1.01bn), are particularly concerned about Sark's feudal inheritance laws. Sark law dictates that their Brechou estate, which now includes a recently completed £40m castle, be left to the eldest brother's eldest son.

£179,000 which they had to pay to Mr Beaumont when they purchased the £3.3m lease on Brechou. The Queen is the feudal overlord of Sark, which has a population of 550, and Mr Beaumont acts as her landlord.

clays closely. "We could have been good neighbours," he said. Mr Beaumont said he was not impressed by recent comments from Lord McAlpine, a close friend of the brothers, that Sark's laws - which also prohibit divorce - are outdated and that the Barclays might pursue the matter as far as the European courts if they fail to get satisfaction in Guernsey.

CONTRACTS & TENDERS
GOVERNO DA BAHIA
NOTICE OF BID - DCL
Companhia de Electricidade do Estado da Bahia - COELBA, will make the following bid: INTERNATIONAL BID 081/COELBA/98. OBJECT: POWER TRANSFORMER. RECEIPT OF PROPOSALS: BY 9:00 A.M. SEPTEMBER 18, 1998. COST OF PRINTED BID CONDITIONS: R\$ 20,000 (TWENTY REALS). LOCATION FOR PURCHASE OF BID CONDITIONS AND RECEIPT AND READING OF PROPOSALS: Av. Edgard Santos, Coelba Building, 300, Block 1, Street level, Salvador, Bahia, Brazil. BIDS AND CONTRACTS DEPARTMENT - "DCL".

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(Financial Liquidation)
FINAL NOTICE
NOTICE IS HEREBY GIVEN that the Creditors of the above named Company, which is in Compulsory Liquidation, are required, on or before 30th August 1998 to send in their full claim and supporting details and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, J.A. Talbot of Arthur Andersen, 1 Victoria Square, Birmingham B1 1SD, Liquidator of the said Company, and if so required by notice in writing from the Liquidator, see personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such date as is provided.

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Sweden 0207 1071
Switzerland 155 3546
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Table with columns: Year, Total, Science, Arts, etc. showing exam results from 1980 to 1998.

By Deborah Hargreaves in London
Independent abattoirs have challenged the cost of killing cattle under the government's BSE slaughter scheme, saying they could do the job much more cheaply. The challenge came as the industry was due to begin talks over cutting the £37.50 per cow paid to slaughter plants, but yesterday's talks were postponed. A number of smaller slaughter houses accuse the government of "carving up" the cull scheme between the

Business books in for luxury
London's luxury hotels are far more dependent on business travellers than tourists, a recent survey of 20 first-class hotels, has found. The survey of the performance of 5-star hotels, including the Savoy and the London Hilton, was produced by Arthur Andersen, the accountants. It found that business travellers accounted for 68 per cent of room nights sold in the first six months of the year compared with 35 per cent for tourists.

By John Authers in London
A sharp increase in the pass rate in A-level examinations taken by school pupils early in the summer was announced yesterday and led to renewed claims that standards had been diluted. A-levels are taken by pupils aged 17 and above and the results are the main determinants of students' chances of obtaining a university place. The total pass rate for A-levels taken by school pupils in June increased by 1.8 percentage points, from 84 to 85.8 per cent. Five years ago, the pass rate was 75.9 per cent. More candidates also managed a grade

ailhou
M
ARTS GUIDE
MSTERIAN

سكرا من الامم

صكرا من الالعاب

ARTS

Cinema/Nigel Andrews

Jailhouse blues

The man in one film is chasing the ex-felld who once killed his child. The woman in another is on Death Row awaiting clemency for a brutal murder...

- THE CROSSING GUARD Sean Penn
LAST DANCE Bruce Beresford
THE SILENCE OF THE HAMS Ezio Greggio
THE SECRET AGENT CLUB John Murkowski
HUNGER ARTIST Bernard Rudden
THE NICK OF TIME John Badham

scored for reconciliation, messages and jazz music. Last Dance is Dead Man Walking in all but gender...



Glooming away on themes of death and justice: Sharon Stone in 'Last Dance'

I see emptying movie theatres. Glooming away on themes of death, justice and retribution, these two movies try to put death and humanity back into a summer that sorely needs both commodities...

you maybe take a couple of days and maybe think about not taking my life? Or that Nicholson in return would promptly and thoughtfully offer three days, like an encyclopaedia salesman promising to return when the husband is in.

Director Bruce Beresford, whose career has been sky-diving since Driving Miss Daisy, plunges towards earth as the film's dramatic parachute stubbornly refuses to open...

Martin Balsam, lampooning his famous backward stair-fall and someone called Edjo Greggio who also wrote and directed. The only funny jokes are the first two, which set the press show on a premature roar prior to a long, deadly quietude.

a bad impersonation of Joan Collins. Director John Murkowski, despairing of any more creative option, points the camera at anything that moves.

sort of Oscar for best inanimation feature. Is there no moment of élan this week? Only the sight of Johnny Depp falling from a high place in Nick Of Time...

Musical Swinging sixties sanitised

Eivis Presley, Roy Orbison, Patsy Cline, Buddy Holly - is there no escape from the cool musical, purporting to tell the life of rock legends through their music...

The main criticism is the sanitised version of the era. Epstein's homosexuality dare not speak its name.

The man criticism is the sanitised version of the era. Epstein's homosexuality dare not speak its name. The impression is that Marsden was a virgin when he finally married his childhood sweetheart...

Mad methods of communication

In the beginning was the Word and at the beginning of the day is the Reduced Shakespeare Company's 11.30am show, The Bible: The Complete Word of God (Abridged)...

think only of his work, his wife grows ever more neurotic about pollutants, his son cannot come to terms with his own sexuality...

The League of Gentlemen (The Pleasance until August 31) is an altogether darker prospect; as in the film of Terry Gilliam, the laughs are inserted largely to offer momentary respite from squirms of discomfiture.

Beware Dutchmen bearing programme notes. Dance must speak for itself. Nederlands Dans Theater's Festival season which opened on Tuesday at the Playhouse has programme notes hanging from every step...

thought it a pretentious bore. Lightfoot's Start to Finish, made this year, is merely tiresome, with its four drummers, its male dancer yapping in tongues...

antony thorncroft. The Beverly Sisters were gamely clapping along in the audience. No doubt Bill Kenwright is booking them into a theatre near you.

At the Lyric Theatre, W1.

INTERNATIONAL ARTS GUIDE. AMSTERDAM EXHIBITION: Beurs van Berlage - tentoonstellingen Tel: 31-20-530 4141. BERLIN EXHIBITION: Das Bauhaus-Archiv, Museum für Gestaltung Tel: 49-30-25400278.

Kunstmuseum Bonn Tel: 49-228-776121. WILLEM DE KOOIJING: Des Spätwerk - Die achtzigste Jahre: exhibition focusing on the work created by the Abstract Expressionist painter Willem de Kooning in the 1980s; to Aug 18. COPENHAGEN CONCERT: Tivoli Concert Hall Tel: 45-33 15 10 01.

Madrid in 1623. The display, comprising 50 works including portraits, prints, drawings and sculptures, is centred on the National Gallery of Scotland's own Velázquez 'An Old Woman Cooking Eggs'. LONDON CONCERT: Royal Albert Hall Tel: 44-171-5898212.

THEATRE: The Pit Tel: 44-171-6388891. LOS ANGELES EXHIBITION: Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100.

Aug 17 NEW YORK EXHIBITION: The Metropolitan Museum of Art Tel: 1-212-879-5500. PARIS EXHIBITION: Centre Georges Pompidou Tel: 33-1-44 78 12 33.

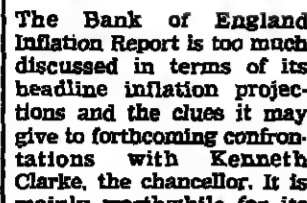
WASHINGTON EXHIBITION: National Portrait Gallery Tel: 1-202-357-1915. STOCKHOLM EXHIBITION: Moderna Museet - Museum of Modern Art Tel: 46-8-6664250.

WORLD SERVICE: BBC for Europe can be received in western Europe on medium wave 648 kHz (463m). EUROPEAN CABLE AND SATELLITE BUSINESS TV (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: 07.00 FT Business Morning.

Economic Viewpoint • Samuel Brittan

Bank argues with itself

Apparent discrepancies between a weak labour market and inflation warnings from other data have stimulated a search for new rules



The Bank of England Inflation Report is too much discussed in terms of its headline inflation projections and the clues it may give to forthcoming confrontations with Kenneth Clarke, the chancellor. It is mainly worthwhile for its economic analysis.

We already knew before the August report that the Bank was more worried than the chancellor about the risks of inflation exceeding the official target two years from now. But much more interesting is the Bank's labour market analysis, which seems at first sight to point the other way to the rest of the Inflation Report. For the contention of the labour market chapter is that, despite the large fall in claimant unemployment, the labour market has not tightened very much since the 1992 recession.

The important conclusion is a structural one. On the surface there has been a big improvement in labour market responsiveness. In the recovery of the 1990s claimant unemployment has been falling, while in the corresponding period of the 1980s recovery, it was still rising. But the difference is more than accounted for by the rise in "inactivity" - people of working age, who were neither recorded as working nor as claiming unemployment benefit (a phenomenon discussed in my Economic Viewpoint of July 4).

The total of unemployed plus "inactive" is sometimes known as the "non-employed". The number of non-employed of working age reached a peak in 1994 and has fallen only very slightly since. The stagnation in the demand for labour is confirmed by estimates of total hours worked, which after rising in the early export-led stages of the present recovery have hardly changed since the spring of 1995.

These findings fit in well with the moderate response

of both nominal and real earnings to economic recovery. They might indeed suggest that there is plenty of room for a faster rate of output growth before inflation is triggered off. This is especially so if, as the Bank seems to believe, the labour market reforms of the Thatcher period now enable the economy to be run at a higher level of activity.

The Bank's labour market analysis can just about be reconciled with its inflation warnings by saying that the latter are based on forward-looking indicators, while the labour market analysis refers to the recent past. The one available forward-looking labour market indicator, the ratio of vacancies to unemployment, has indeed risen sharply.

Domestic demand is already growing strongly, even though activity is held back by abnormally low stock building and the stagnation of export demand from Europe. These bearish factors, together with the low cost of materials in the pipeline, should keep inflation on a falling path well into 1997. But the Bank fears that inflation could turn up again after the election, due by the spring.

Consumption is likely to be stimulated by a faster rise in real disposable income, higher personal wealth and windfall gains from sources such as building society payouts. Broad

money is rising at the top end of the government's monitoring range and narrow money is well above official range. The fiscal deficit is 3 percentage points higher as a proportion of gross domestic product than forecast 21 months ago. Five-year and 10-year inflation expectations derived from the gilt-edged markets are 4½ per cent to 5 per cent.

But having said all this, both the financial markets and the economic forecasts are capable of being wrong; and one should not dismiss too casually the bulk of the evidence of the labour market. The Bank itself is sufficiently sensitive to the risks to have examined in its bulletin some recent suggestions for automatic feedback rules which would make policy less dependent on official discretion.

One of these suggestions is the Taylor rule. This makes interest rate policy depend on an estimate of the equilibrium real rate of interest adjusted for actual inflation, the difference between that and the official target, and the capacity gap. The economic relationships are plausible. But as an operating rule it seems to me fundamentally flawed because it involves guesses about highly controversial and unobservable magnitudes, all piled on top of each other. If we knew them it would be much easier to

forecast inflation directly and without throwing away other information. It is difficult to believe that Alan Greenspan's Fed uses the Taylor rule as its main guide to policy - although no doubt its staff calculates what it might prescribe.

The other rule studied by the Bank is known as the McCallum rule. It requires policy to be adjusted according to whether the growth of nominal GDP exceeds or falls short of some target rate. The rule's attraction is that it will inhibit an inflationary takeoff and a cumulative recession. It does not claim to provide a constant year-to-year inflation rate.

A weakness of the McCallum rule is that the policy instrument, in terms of which it is expressed, is narrow money or M0 - ie cash plus bankers' monetary deposits at the Bank of England. The equation embodying the rule allows for very gradual changes in the velocity of the monetary base. But it still depends on a reasonable stability in the ratio of that base to nominal GDP. It is a hazardous instrument to rely on in a country like the UK where there are no compulsory reserve ratios and in which the monetary base is a tiny fraction of broad money.

The McCallum rule could, however, easily be expressed in terms of nominal interest rates or any other desired policy instru-

ment. There is a more fundamental difficulty. The object is to influence the total of cash spending in the economy in so far as it is under the influence of policymakers. Nominal GDP is the best known measure of such cash expenditure and I have used it as a deliberate over-simplification because at least a few participants in the policy debate have heard of it.

But whatever the case in the US, it will not really do in the more open medium-sized European economies. Here the best measure of nominal demand is what the statisticians call "domestic demand". This excludes the export sector and is therefore more under the influence of policymakers.

The second chart, reproduced from the Inflation Report, shows the difference in a very practical way. Nominal GDP has been growing at about 4 per cent a year, below the Bank's illustrative target of 5 per cent. But nominal domestic demand has been growing at 5½ per cent a year and is probably accelerating. This is the basis for saying that current policy is more likely to be too relaxed than to be too tight. In old-fashioned language: the government cannot control export demand, but should at least see that there is room for it in the economy when it arrives. This means keeping an eye on domestic demand.

As a more general conclusion, it is not desirable to force central bankers to become robots following automatic rules. But it is equally undesirable to leave them unfettered discretion. The need is for guidelines related to available information which will point the direction in which policy should go. A heavily modified version of the McCallum rule would give a better steer than the inflation projections two years ahead by which the Bank claims to be guided.

Joblessness and growth

Unemployment and non-employment rates

Per cent

12

11

10

9

8

7

6

5

4

3

2

1

0

1984 85 86 87 88 89 90 91 92 93 94 95

Source: Bank of England Inflation Report

Growth of nominal GDP and domestic demand

Per cent annual growth rate

6.0

5.0

4.0

3.0

2.0

1.0

0.0

-1.0

-2.0

-3.0

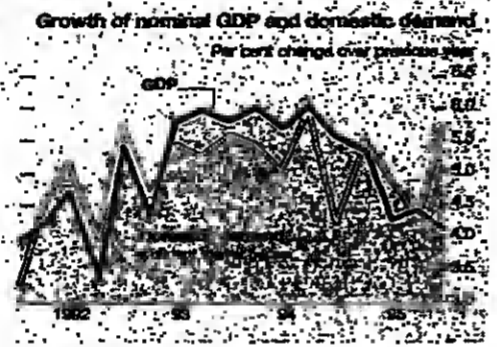
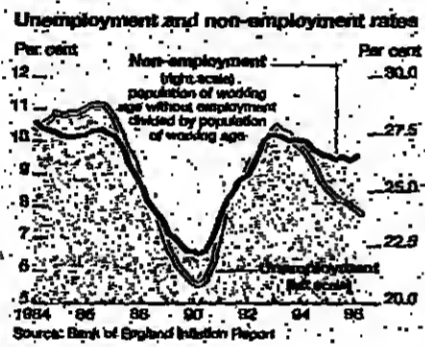
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1982 83 84 85 86 87 88 89 90 91 92 93 94 95

Joblessness and growth



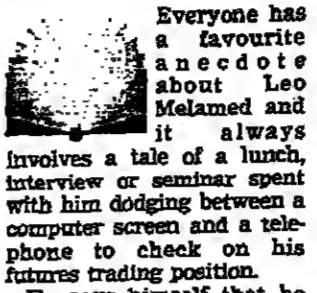
Source: Bank of England Inflation Report

Source: Bank of England Inflation Report

BOOK REVIEW • Deborah Hargreaves

ESCAPE TO THE FUTURES: By Leo Melamed with Bob Tamarkin. John Wiley & Sons, 463pp. £17.95

Founding father with messianic zeal



Everyone has a favourite anecdote about Leo Melamed and it always involves a tale of a lunch, interview or seminar spent with him dodging between a computer screen and a telephone to check on his futures trading position.

He says himself that he never left anything untried in the way of trading and in fact from a hospital bed before having tests on his gall bladder - and he refused to have the tests until trading stopped eight-and-a-half hours later.

He is not modest about his achievements: "I used to joke that I had to come to the floor every day to show the crowd that the legend really existed," he says. And he talks with messianic zeal about his "mission".

His autobiography is a history of Chicago's financial futures trading: from the early 1970s when the Bretton Woods agreement was still in force and individuals were not even allowed to trade in currencies, to the 1987 stock market crash which saw grown men crying in the gents' toilet at the Merc.

But just as fascinating is the account of the Melamed family's flight from war-torn Europe. As Jews in Poland in 1939, his family had to be constantly on the move to outwit the authorities. The eight-year-old Lehi - later Americanised to Leo - fled from Poland to Lithuania, across Siberia to Vladivostok, on to Japan and

finally to the US. It was a haphazard, frenetic struggle for visas and tickets that meant the difference between life and death to Jewish families in 1940. But to the young Melamed, it was an adventure during which he learnt four new languages in two years.

His painful attempts to become accepted in the US, his adopted land, as a short-orthodox-average Jewish boy who spoke Yiddish and could not play baseball are echoed later in the book by his struggle to gain credibility and ultimately respectability for financial futures.

Business Week hailed the nascent currency futures market opened in 1972 as "strictly for cranks" and the image has persisted in the minds of some bankers and regulators.

He was an outsider pressing an upstart new product - currency futures - on to the blue-blood establishment world of US banking. It was no surprise to him when one of the early supporters of his new market presented him with a 1,300ft computer printout showing how the currency risk produced by currency futures would one day bring down western civilisation. There are many who still share that opinion.

That apocalyptic view seemed almost vindicated in 1987 when the Merc's stock index futures became the scapegoat for the October 19 stock market crash. Melamed describes the witch hunt in his usual style: "I could feel the earth beneath the Merc's building shudder as enemy forces gathered to invade. We were about to enter the battle of our lives."

But Melamed's habit of courting influence in Washington for many years paid off. He managed to fend off overly restrictive legislation on the futures market. And he headed off criticism of Chicago in the 1989 FBI "sting" on the markets even though at the time he was

receiving many anonymous letters accusing him of wrongdoing. Melamed fell into futures by accident, as a law student in Chicago, when he answered an ad for what he thought was a law firm - Merrill Lynch, Pierce, Fenner & Bean - requiring a "runner". He found himself at the Merc - a place he had never heard of and which he describes as "Alice through the Looking Glass into a world of not just one Mad Hatter, but hundreds".

After 15 months at the Merc, where he graduated to a phone clerk, he started trading on his own account. He soon ran up a loss, but never looked back. Melamed rapidly became an important figure in exchange politics, taking the Merc from a third-rate marketplace trading eggs and onions - which he jokes could be manipulated by a couple of housewives getting together - to the forefront of financial futures trading.

Melamed retired from the Merc in 1991, but he continues to be a tireless supporter of futures trading.

His book is an intriguing insight into one of the world's last bastions of open outcry trading and will be read eagerly by insiders.

But Bob Tamarkin, a well-known Chicago journalist who co-wrote it, has not been tough enough with Melamed's hyperbole. The book would have been better for being half the size. Its 463 pages are stuffed with the names of traders, regulators and lawmakers, hindering its appeal to the lay reader and making it easy to lose track. At one point Melamed seems to compare the creation of futures to the invention of fire; futures may be important, but not that important.

Escape to the Futures is available from FT Bookshop, Ring FreeCall 0500 415 419 (UK) or +44 181 564 1251 (outside the UK). Free p&h in UK

LETTERS TO THE EDITOR

Number One, Southwark Bridge, London SE1 9HL. We are happy to encourage letters from readers around the world. Letters may be filed to +44 171-673 5938 (please set fax to 'fax'), e-mail: letters@ft.com. Published letters are also available on the FT web site, http://www.ft.com. Translations may be available for selected letters in the major international languages.

Software exists to keep children away from adult Internet sites

From Mr Mike Parr.
Sir, It appears that Scotland Yard would like Internet service providers to act as unpaid guardians of morals by enforcing the subjective standards of others ("Internet porn may be blocked", August 10). How this is to be achieved is unclear.

First, no clear definition of "pornography" exists. One person's erotic picture is another's pornographic image. Doubtless Scotland Yard will bring its usual clarity to this issue.

Second, as your article points out, there are more than 20,000 Usenet groups (and growing). Of these, a few thousand refer in one way or another to sex. This is not a stable, easily monitored population. Thus, compiling a list of sites "forbidden" to adults is pointless. Of course, if the police want to provide

service providers with a regularly updated, comprehensive list of "naughty" sites we will be happy to use it.

However, for reasons given above, the police may find that this is ultimately futile. Demon is correct in stating that police efforts and threats simply hide a global problem which will not be resolved by local, poorly thought out initiatives carried out under duress.

If the police are concerned about keeping children away from such content and cutting out child pornography there is good news. A wide range of software exists which gives good results in keeping children away from "adult" sites. Any law-abiding ISP offers such a service as part of its basic package.

Concerning child pornography, as a provider

we welcome input from all quarters regarding Usenet groups that deal in this. We have no compunction in making these groups inaccessible. Furthermore we would pass any information gained from our subscribers concerning these sites to other service providers and to the police.

I believe that the above approach represents a realistic response to the two most pressing issues for the Internet in general and service providers in particular. Concerning the rest, many people may find many Usenet groups objectionable. The simple answer is not to visit them.

Mike Parr,
marketing director,
S&Q Network Services Ltd,
Unit 162,
Lee Valley Technology Park,
Ashley Road,
London N17 9LN, UK

Largest single market

From Mr Frank Jenkin.
Sir, Sir Geoffrey Howe ("When it's right to resist", August 7) repeats the claim that the EU is the largest single market in the world. OECD statistics show that in 1995, on a purchasing power parity basis, the economic activity of the US was more than 2 per cent greater than that of the 15 EU nations; while that of the North American Free Trade Area was more than 19 per cent greater.

At present on this basis, the 15 EU nations produce some 20 per cent of world economic output. By the year 2100, that share will have shrunk to some 11 per cent on differential population growth alone, and to some 10 per cent allowing for even a small amount of catching up in living standards by the developing nations.

Frank Jenkin,
Rookery Lodge,
Tregenna Fields,
Camborne,
Cornwall TR14 7QS, UK

On track to provide a toll road

From Mr Roger M. Bale.
Sir, It can only be a question of time before Railtrack discover that by removing the tracks from certain of their under-utilised routes, they can provide a toll road on which all the bus companies, lorry companies etc. can compete.

Each could pay a common access fee (toll) to operate on a grade-separated route, fenced off from the public upon which they can travel at a constant 70mph away from the motorist.

This traffic will not require government subsidies and will provide a level platform upon which true competition can take place.

Roger M. Bale,
Bocque Berg,
St Clement,
Jersey JE2 8FT, CI

Electronic shopping

From Mrs Celia Hampton.
Sir, The failure of electronic shopping to take off ("Warning over on-line shopping", August 12) is deeply disappointing to those of us who dread the weekly trudge around the supermarket.

Glimmering Internet sites with virtual aisles and trolleys may be going too far. A more modest plan that really helped the reluctant shopper might get the ball rolling.

At least half the things one has to buy each week are either branded items or commodity goods (eg bin bags). The rest - bread, greengrocery, meat, fish, cheese - would be much more agreeably and satisfactorily bought in smaller shops.

The brand/commodity shopping list could be e-mailed to an electronic warehouse for collection later, or the warehouse could deliver it to the home. Payment could be made off-line through a

conventional store account.

This is not a futuristic solution. In 1992 a Spanish acquaintance living in Paris and working in Brussels told me that he regularly e-mailed the local Paris supermarket on Fridays so that his weekly shopping was waiting for him when he got home for the weekend.

Perhaps the supermarkets are developing a plan along these lines, but it seems unlikely. It would not accord with retailing economics as perceived by the buying public.

On the other hand, it might persuade us to become less sceptical. It is a pity that we may never learn any better. At 2765, the consultancy report featured in the news item will hardly be bedtime reading for ordinary shoppers.

Celia Hampton,
editor,
FT Business Law Europe,
40 Anson Road,
London N7 6AR, UK

Numbering system

From Mr Garth E. Ashworth.
Sir, I note with interest the confusion and acrimony arising from the interference with and changes to the UK national telephone numbering system (Telephone users face numbering overhaul, August 6).

It may be of interest to know that a similar problem of a shortage of lines in Italy's major cities was resolved by the simple act of increasing telephone numbers in some areas to eight digits and, quite rightly, leaving city codes unchanged.

Garth E. Ashworth,
Piazza Anco Marzio 13,
Lido di Ostia,
00122 Rome, Italy

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Thursday August 15 1996

A solution for French banks

There are two separate issues intertwined in the latest developments in the saga of Credit Lyonnais. The first is the extent to which political motives lie behind last week's announcement of a criminal investigation into the bank's former management. The second is the future shape of French banking now that it has become clear that the current rescue plan for Credit Lyonnais will not work.

A failed exam

The GCE A-Level examination, which was once used to keep unsuitable teenagers out of university, has now become the talisman of success for a large cohort of British youth. In the last 30 years, the proportion of school children going on to university has increased almost sevenfold, from around 5 per cent to about a third.

Bosnia's vote

When Mr Plavio Cotti, the Swiss foreign minister and chairman of the Organisation for Security and Co-operation in Europe, gave the green light in June for elections to go ahead in Bosnia on September 14, he warned that certain minimal prerequisites would have to be met in the interim.

The earthquake, take-overs among the world's large reinsurers are hard to predict. Nor are the consequences always immediately clear.

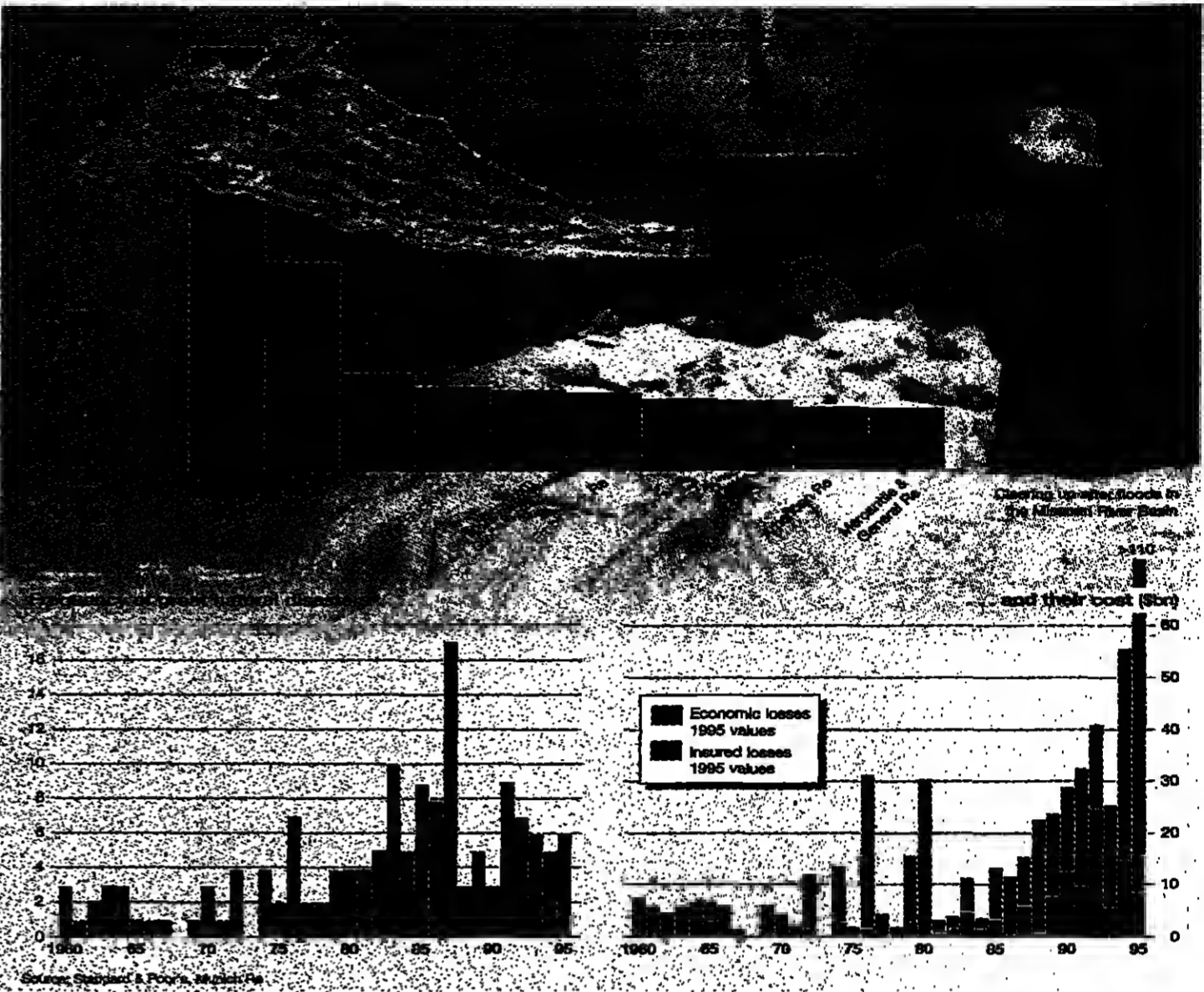
But yesterday's \$3.3bn (\$2.1bn) acquisition by Munich Re of US reinsurer American Re is the result of powerful forces that require a bold response from the reinsurance industry, which protects conventional insurers against the costs of catastrophes and other losses.

More recently, Munich Re's smaller rivals have also been building operations in the US. Last month General Re announced plans to acquire US rival National Re for \$940m. For its part, Employers Re had been tipped as a possible buyer of American Re from its majority shareholder, Kohlberg Kravis Roberts, the US buyout specialist.

OBSEVER

From rags to riches

It is not the municipal traffic cops on look-alike people rushing around on the backs of rubbish trucks. The small city's dress-conscious mayor, Francesco Rutelli, has been trying without much success so far to recruit the Italian fashion industry to design a set of clothes for his rubbish collectors.



A premium on size
Ralph Atkins on the pressures facing the global reinsurance industry after Munich Re's \$3.3bn deal

Insurers of large disasters are rising fast as humans build larger, more expensive buildings in areas prone to flooding, storms or other perils - and buy more insurance to cover the risks. A hurricane sweeping through New York or a large earthquake in California could cost \$100bn or more. In the absence of such catastrophes, many underwriters are happy to cut rates. Were a disaster to strike, many would go out of business.

Run out of luck

Good news for those Czech Olympic athletes who, Observer reported last week, weren't going to be paid all of their promised bonuses - amounting to a chunky Kcs4.5bn - for winning a remarkable 10 medals in Atlanta.

Manuel's labours

South Africa's finance minister, Trevor Manuel, is developing a knack for getting into hot water. His latest escapade involves the local national debt - rugby.

Who's on first?

Football metaphors are all over San Diego in the US this week, following the choice of the old quarterback, Jack Kemp, as

Old pals act

And a final odd note concerning the current Republican party shenanigans. The Financial Times of course is in the pocket of no US presidential candidate. But in the interests of disclosure one fact should be noted.

100 years ago

Washington
The deficit of the United States Treasury for the first 45 days of the fiscal year was about a million dollars daily. Up to the present, the deficit for this month amounts to \$1,505,565. The withdrawals of gold from 4th to 13th August amounted to \$3,988,000.

50 years ago

Warning to exporters
Evidence that buyers of British goods abroad are becoming more discriminating is quoted in a circular to members of the Wholesale Drapers' and Hosiery Export Group as a warning against unloading goods of inferior quality on overseas markets.

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sianic zeal

EDITOR

Children
Largest
single
market

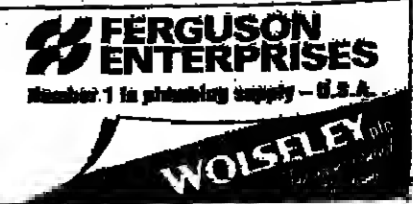
Numbering
system

Financial Times

"Prepare reserves", then act as though you have no reserve at all. This is the secret of a stable business.

FINANCIAL TIMES

Thursday August 15 1996



Bosnia and Croatia to strengthen alliance

By Laura Silber in Geneva and Kevin Done in London

US Secretary of State Warren Christopher yesterday won assurances from the presidents of Croatia and Bosnia that they would shore up their shaky alliance a month ahead of Bosnia's first post-war election on September 14.

topher yesterday summoned the presidents of Bosnia, Croatia and Serbia to Geneva. In a joint statement issued after the emergency summit, President Franjo Tudjman of Croatia and his Bosnian counterpart, Mr Alija Izetbegovic, yesterday reaffirmed their commitment to "strengthening the Federation as the cornerstone of the peace process."

and Montenegro announced that they would hold elections on November 3 for their shared federal parliament. The three Balkan leaders reaffirmed their Dayton promise to work together after elections for the "rapid establishment" of joint governing institutions to join the Moslem-Croat Federation and Republika Srpska in a loose union.

Blow for Thai PM as partner pulls out of coalition

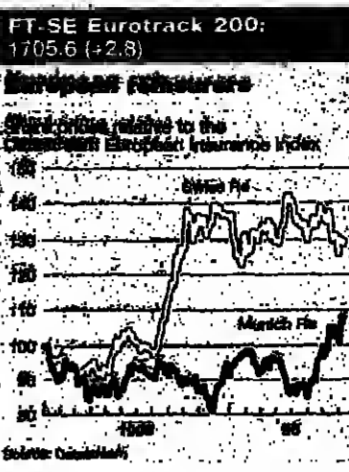
By Ted Barwick in Bangkok

A central member of Thailand's ruling seven-party coalition pulled out of the government yesterday, casting doubts on the future of prime minister Banharn Silpa-archa, whose administration is fighting off a wave of corruption allegations and economic worries.

Two other parties, the Moon Chon and Nam Thai, said they were also considering pulling out. The PDP's move came a day after the Thai cabinet blocked the finance ministry from awarding new domestic banking licenses until a special committee had investigated allegations by the minister that bribes were paid during the licensing process.

THE LEX COLUMN Munich Re-gresses

Munich Re's \$2.5bn acquisition of American Re may not dilute earnings, but that is hardly a proud boast. It is truly only because the German reinsurer's earnings are so pitiable in the first place, Munich Re's "true" return on equity - after estimating its hidden reserves - is about 7 per cent.



not happen before late 1997. Other possible floatations, such as the Agrevo agricultural joint venture or the industrial gases businesses look even further away. Until then, Hoechst deserves to trade at a discount to the sum of its parts.

Japan shocked by kidnap of Sanyo chief in Mexico

By Michiyo Nakamoto in Tokyo

The abduction of a Japanese executive in Tijuana, Mexico, has shocked the business community in Japan and reawakened public concern over companies' security and crisis management measures.

car park as he was about to leave a company baseball game on Saturday. Japanese diplomats and Sanyo officials are reported to have urged Mexican police yesterday to be careful to avoid endangering Mr Konno's life.

of the tax exemptions on components imported from the US and on finished products exported back to the US. Sanyo, which makes televisions, video recorders, refrigerators and batteries in Mexico, has one of the largest operations in the country. All the big names in electronics, from Matsushita to Sony and Toshiba, are represented there.

HSBC to challenge ruling

Continued from Page 1

in this case as far as it needs to go. Separately, the union appealed to a lower court on disputed issues in the labour agreement. The court ruled in favour of the bank, but the union indicated it would appeal.

Munich Re

Continued from Page 1

from reinsurance from nearly DM15bn to around DM22.5bn (\$15.2bn). Last month Munich Re agreed an exchange of outside shareholdings with the Allianz insurance group - the two own 25 per cent of each other's shares - leaving the reinsurance group with control of Germany's biggest health insurance company. This will raise its non-reinsurance premium income from DM14.5bn to DM14.5bn.

French franc

Continued from Page 1

Mr Alain Juppé may have dismissed recent franc weakness as a storm in a tea-cup, but the French prime minister still saw fit to interrupt his holiday to say so. He was right not to be complacent. The franc is not in crisis, but it could yet go that way.

Hoechst

Continued from Page 1

Hoechst has turned into a stock market darling since Mr Jürgen Dornann, its chairman, embarked on his quest to improve shareholder value. Over the past 18 months, a difficult time for chemical companies generally, the group's shares have gained 50 per cent, outperforming the German market by a quarter.

FT WEATHER GUIDE Europe today Conditions in western Europe will improve as an area of rain moves towards Poland and southern Sweden. The rain will be accompanied by thunder in Belarus and Ukraine. Sunny periods are expected in the Benelux and northern France. Southern France, most of Portugal and Spain will have a lot of sun although thunder showers are expected in eastern Spain. Rain and thunder showers will also occur over central Italy. Most of the Alps will have sunny periods. Showers are likely in Austria, Greece and Turkey will be mainly sunny. Five-day forecast Western Europe will be dry and partly sunny. Eastern Europe will have rain. Most of the Mediterranean will be fair but showers are expected in southern France and northern Italy by the weekend.

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